

nelson mandela bay
MUNICIPALITY

ANNUAL REPORT 2009/10

KEY AWARDS

KEY AWARDS WON FOR 2009/10 FINANCIAL YEAR

The Municipality and its residents are proud to have been honoured with the following important awards for excellent performance:

Special Achievement in GIS (SAG) Award at the 30th Annual ESRI International User Conference, held in San Diego, United States. The Municipality received this honour for its vision, leadership, hard work and innovative use of ESRI's GIS technology.

CESA Glenrand M.I.B. Engineering Excellence Award won by the Nelson Mandela Bay Stadium, based on criteria such as easy access and exiting, facilities for the disabled and the aesthetic value of the building. The Stadium won this award in the face of stiff competition from other South African Stadia at which World Cup matches were played.

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PART 1 INTRODUCTION AND OVERVIEW

1.1 EXECUTIVE MAYOR'S FOREWORD

I have great pleasure to introduce the 2009/2010 Annual Report of the Nelson Mandela Bay Municipality, which is both a legislative and accountability requirement. In terms of Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, the Municipality must prepare an annual report for each financial year and the Executive Mayor must table such report in Council within seven months after the end of each financial year.

This Annual Report is a culmination of the implementation of the Council's adopted Integrated Development Plan and Budget and Service Delivery and Budget Implementation Plan for the 2009/10 financial year.

This Report presents the institution's achievements and challenges in working smarter and better in improving service delivery and development, in response to the President's clarion call on all public officials to make 2010 a year of action.

1.1.1 Achievements

The Municipality's progress in achieving its objectives in all five key performance areas will be outlined in this Annual Report. The key performance areas are as follows:

- Basic service delivery and infrastructure development
- Municipal financial viability and management
- Municipal transformation and development
- Local economic development
- Good governance and public participation

Key achievements over the review period include the following:

(a) Receipt of unqualified audit opinion from the Auditor-General.

(b) Delivering of a successful 2010 FIFA World Cup™ as an official host city.

(c) Successful completion of the Nelson Mandela Bay Stadium, which has provided the Metro and the Region with a world-class venue for major sporting and cultural events.

(d) Successful launch of the annual Mayoral Cup which has regenerated soccer, rugby and netball in less privileged areas.

(e) Prioritisation of water provision in less privileged and less developed areas by the provision of standpipes in informal settlements and water tanks in certain peri-urban areas.

(f) Altogether 7 616 new houses were constructed.

(g) Piloting renewable energy projects (wind turbines, solar heating, energy from waste).

(h) Successful hosting of an Economic Summit involving all key stakeholders in the Metro to chart the way forward for the Metro's growth and development.

(i) Adoption of the Nelson Mandela Bay Turnaround Strategy.

(j) Signing of the Memorandum of Understanding for the implementation of the Integrated Public Transport System.

(k) Establishment of task teams to enhance service delivery.

1.1.2 The year ahead

Despite the notable progress made during the 2009/10 financial year, the Municipality is acutely aware of the many challenges that await, as listed below.

(a) Managing the drought and pursuing drought relief assistance worth R1,6 billion from government.

(b) Maximising the legacy of the 2010 FIFA World Cup event to the benefit the residents of Nelson Mandela Bay and ensuring the sustainability of the Nelson Mandela Bay Stadium.

(c) Pursuing Levels 2 and 3 Accreditation to become a housing provider to ensure that the housing backlog is reduced through the provision of quality, sustainable human settlements.

(d) Developing ward-based profiles that include social infrastructure backlogs, to improve the quality of information available.

(e) Developing and implementing an integrated strategy to eliminate illegal dumping.

(f) Finalising the establishment of the Municipal Police Service towards achieving a crime-free Metro.

(g) Developing a framework for the establishment of a SCOPA-like Public Accounts Committee to enhance accountability.

(h) Focusing on combating and preventing TB, HIV and AIDS.

(i) Communicating more, and more effectively, with the residents of Nelson Mandela Bay.

(j) Developing a shared long-term vision (20 to 50 years) and long-term plan for Nelson Mandela Bay.

(k) Prioritising intergovernmental challenges such as weak systems, uncoordinated planning, and unintegrated budget planning.

(l) Pursuing an agreement between the Departments of Education and Public Works to address water leakages, poor sanitation and dilapidated school structures in the Metro as one of the key interventions to create an environment conducive for learning, which is one of the key deliverables of government.

(m) Focusing on Metro heritage and heritage buildings.

I would like to express my sincere gratitude to all Councillors, officials, the communities of Nelson Mandela Bay and stakeholders for their contribution to the progress made for the year under review.

COUNCILLOR ZANOXOLO WAYILE
EXECUTIVE MAYOR

1.2 YEARLY PROGRAMME PRIORITIES' STATEMENT BY THE MUNICIPAL MANAGER

As the Accounting Officer of the Municipality, I confirm that this 2009/10 Annual Report has been compiled in line with the Local Government : Municipal Systems Act 32 of 2000, the Local Government : Municipal Finance Management Act 56 of 2003, the National Treasury Circular No. 11, as well as the customised template and guidelines for municipal annual reports provided by the Provincial Department of Local Government and Traditional Affairs.

The key priority areas of the institution during the year under review find their expression in the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan and include the following:

(a) Implementation of operational efficiency plan to achieve a leaner and more cost-effective institution.

(b) Introduction of employee performance awards (e.g. Bay Stars Awards).

(c) Acceleration of the roll out of basic services to the communities of Nelson Mandela Bay.

(d) Prioritisation of the Expanded Public Works Programme to ensure job creation and poverty eradication.

(f) Development of a drought response plan.

(g) Improve internal communication with staff through the medium of Rise Staff Magazine and Rise Online.

In the 2010/11 financial year, the following areas will receive priority:

(a) Working quicker and smarter and enhancing performance.

(b) Transforming the Municipality into a customer friendly and service-orientated institution.

(c) Implementing the Council adopted Turnaround Strategy to set the Metro on a new inclusive development path.

(d) Roll-out of the directives and agreements adopted at the key Economic Summit hosted by the Municipality and attended by all major economic stakeholders in the Metro.

(e) Improving labour relations and staff morale.

I would like to extend my warmest appreciation to the political leadership and staff of the Nelson Mandela Bay Municipality for their contribution to the progress made during the 2009/10 financial year. I would also like to extend a special word of thanks to all municipal staff for the hard work and dedication in ensuring a highly successful and memorable 2010 FIFA World Cup™.

E NTOBA
ACTING MUNICIPAL MANAGER

1.3 OVERVIEW OF THE MUNICIPALITY

1.3.1 Geographic and demographic profile

Nelson Mandela Bay is a major seaport and automotive manufacturing centre located on the south eastern coast of Africa in the Eastern Cape Province of South Africa.

(a) Population

Nelson Mandela Bay (NMB) has a population of 1,1 million and covers an area of 1,950 km². The city has a relatively youthful population, with 37% of residents between the ages of 15 and 34 years, indicating that education and job creation require serious attention. Altogether 26,2% of the population is below the age of 15 years, while 5,3% is 65 years and above. The male:female ratio of the population is 48:52.

(b) Household data

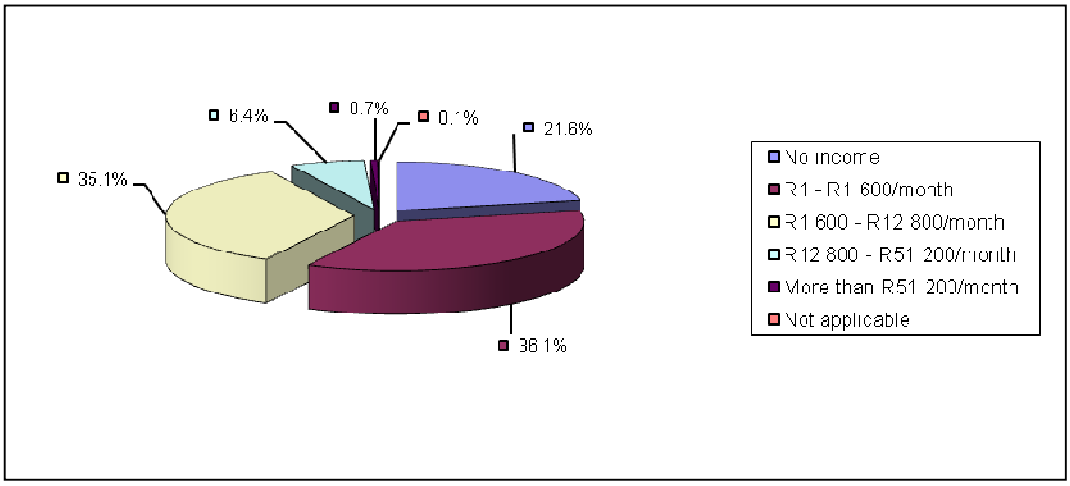
Number of households	=	289 000 (formal)
	=	35 257 (informal)
	=	49 009 (backyard shacks)

(c) Socio-economic trends

Key socio-economic statistics are as follows:

- Unemployment rate: over 35% - 38%.
- Altogether 108 655 of the total number of 289 000 households are classified as indigent.
- 44% of households access at least one social grant.
- HIV and AIDS prevalence rate: 30%, according to antenatal care statistics.
- 20% of residents have no or limited schooling.
- Low household income (see Figure 1).

FIGURE 1: Household incomes



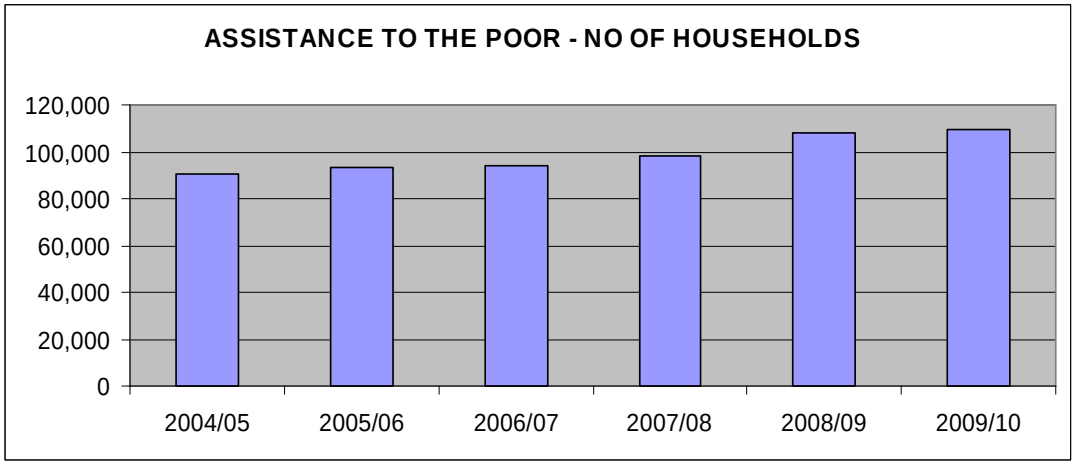
Sources: Census 2001; Statistics South Africa

The following aspects support the information provided above and serve to illustrate the socio-economic trends in Nelson Mandela Bay.

Assistance to the Poor (ATTP)

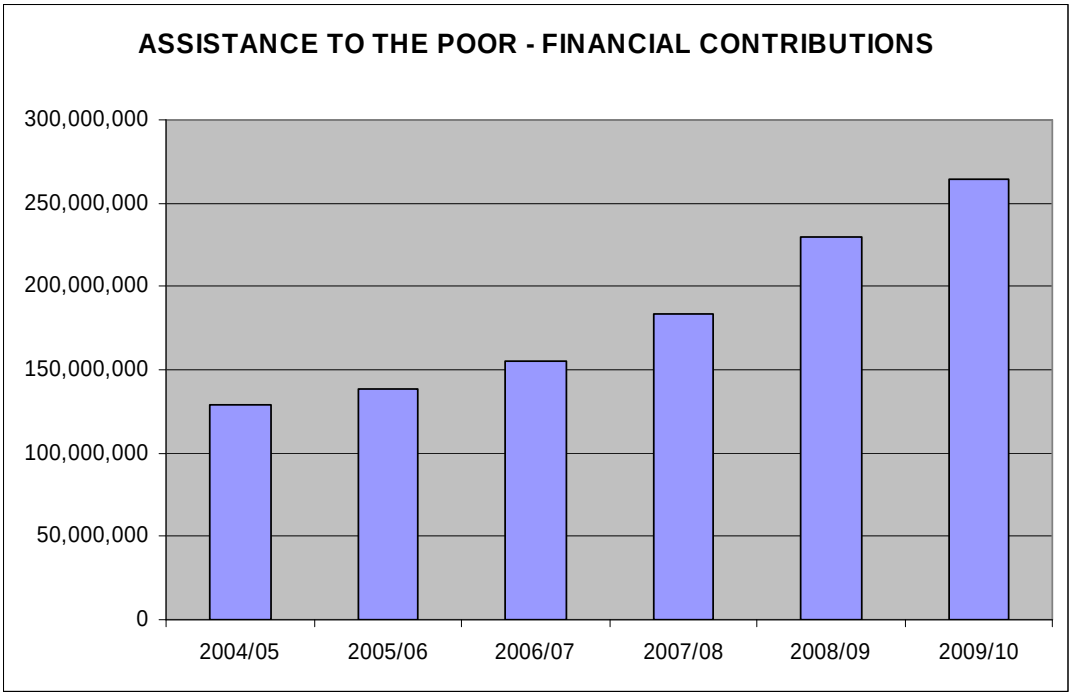
Nelson Mandela Bay has seen an increase in the number of households receiving indigent subsidies from the Municipality, indicating an increase in poverty and unemployment levels, as reflected in Figure 2 below.

FIGURE 2: ATTP – Number of households receiving financial assistance



The table below illustrates financial contributions made to indigent households, since the 2004/05 financial year. indicating the year-by-year increase.

FIGURE 3: ATTP – Financial contributions made to indigent households



1.4 EXECUTIVE SUMMARY

1.4.1 Municipal Vision

'To be a globally competitive and preferred Metropole that works together with the people.'

This vision provides the foundation for the achievement of the Municipality's priorities.

1.4.2 Core values

The Municipality is committed to deliver services within the framework of *Batho Pele* principles, as outlined below:

- *Courtesy and 'People First'*

Residents should be treated with courtesy and consideration at all times.

- *Consultation*

Residents should be consulted about service levels and quality, when possible.

- *Service excellence*

Residents must be made aware of what to expect in terms of level and quality of service.

- *Access*

Residents should have equal access to the services to which they are entitled.

- *Information*

Residents must receive full and accurate information about their services.

- *Openness and transparency*

Residents should be informed about government departments, operations, budgets and management structures.

- *Redress*

Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.

- *Value for money*

Public services should be provided economically and efficiently.

1.4.3 Performance highlights

An overview of the basic service delivery and financial performance highlights of the institution during the 2009/10 financial year is presented below:

1.4.3.1 Free basic services

The Municipality provides free basic services to approximately 108 655 indigent households in Nelson Mandela Bay.

1.4.3.2 Electricity

Altogether 97% of households now have access to electricity. Progress with regard to the provision of electricity is reflected below:

Type of service	2008/09 Actual	2009/10 Target	2009/10 Actual
% of households with access to electricity	97,5%	98%	99%

Type of service	2008/09 Actual	2009/10 Target	2009/10 Actual
Total number of new electricity connections (RDP and other connections)	2571 low-cost houses connected and 4600 erven reticulated	3200	3872

1.4.3.3 Water and sanitation

Progress with regard to the provision of water and sanitation services is reflected below:

Type of service	2008/09 Actual	2009/10 Target	2009/10 Actual
% households within urban edge with access to basic potable water within 200 m radius	100%	100%	100%
Number of new water connections	14 797	7900	3 592
Number of new households connected to sanitation services	8 990	7900	3 592

1.4.3.4 Refuse removal

Progress with regard to refuse removal is reflected below:

Type of service	2008/09 Actual	2009/10 Target	2009/10 Actual
% informal households in urban and peri-urban areas with access to a basic level of waste collection	97%	95%	98%
% formal households in urban and peri-urban areas with access to kerbside waste collection service	100%	100%	100%

1.4.3.5 Housing and land delivery

Performance with regard to housing delivery is reflected below:

Type of service	2008/09 Actual	2009/10 Target	2009/10 Actual
Number of housing opportunities provided	8 990	7 900	7616 houses constructed and 3789 were issued with occupancy certificates

1.4.3.6 Financial sustainability

The Municipality's financial position is sound, as reflected by the following credit ratings:

RATING HISTORY	2008/09	2009/10
Long-term	Aa3.za	Aa3.za
Short-term		

The Municipality achieved a revenue collection rate of 99,22% after write-offs and 93,75% before write-offs. In addition, capital expenditure rate of 80,14% was recorded over the review period.

Key challenges confronting the institution include the following:

- The drought, which has reached disaster levels.
- Poverty and unemployment.
- Elimination of the bucket system and digester tanks.
- High prevalence of TB, HIV and AIDS.
- Illegal dumping.
- Universal access to basic services and maintenance of infrastructure.
- Intergovernmental co-ordination across spheres of government.

**** More comprehensive performance information is provided in Part 2, under the following key performance areas:***

- *Institutional transformation and organisational development*
- *Basic service delivery and infrastructure development*
- *Local economic development*
- *Municipal financial viability and management*
- *Good governance and public participation*

PART 2 KPA ACHIEVEMENT REPORT

CHAPTER 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 1.1 STRATEGIC PLANNING AND INTEGRATION					
1.1.1	Development of a legislative compliant IDP and Budget	Compliant IDP in place	By June 2010	IDP approved	A compliant IDP was developed and adopted on 31 May 2010.
KPE 1.2 PERFORMANCE MANAGEMENT					
1.2.1	Conclusion of a compliant SDBIP	Compliant SDBIP in place	Tabling by March & approve May	Compliant SDBIP concluded	Legislative Compliant 2010/11 SDBIP was approved by the Executive Mayor on 28 June 2010.
1.2.2	Conclusion of compliant performance agreements for Section 57 employees and the Municipal Manager	Compliant performance agreements in place	By June 2010	Compliant performance agreement	The performance agreement template has been amended to reflect requirements emanating from the MFMA NT Regulations on Minimum Competencies.
1.2.3	Submission of quarterly bi-annual and annual performance reports indicating performance improvement	4 reports	4 reports	4th Quarter Report submitted	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
1.2.4	Roll-out of employee performance management to all employees	Performance management cascaded to Assistant Director level in 7 Directorates	By June 2010	Performance management partially rolled out to Assistant Director level and lower	9 Directorates (EDRS, Safety & Security, Public Health, Special Programmes Directorate, Corporate Services, Budget & Treasury, COO's Office, Infrastructure & Engineering and Electricity & Engineering) have rolled out to Director level. 5 Directorates (EDRS, Safety & Security, Corporate Services, COO's Office, Budget & Treasury) have rolled out to Assistant Director level. 2 Directorates (COO's Office and Corporate Services) have rolled out to lower levels. 2 Directorates (2010 FIFA World Cup and Human Settlements Directorate) did not commence with the roll-out. Bilateral and training sessions will be conducted with Directorates/Offices to provide technical support. Additional technical support will also be provided through the performance management focus group meetings.
KPE 1.3 KNOWLEDGE MANAGEMENT AND INNOVATION PROGRAMME					
1.3.1	Development and implementation of a Knowledge Management Strategy	Knowledge Management action plan developed	By December 2009	Action plan and Institutional framework developed	Lack of capacity affected implementation and the institution will develop intervention programmes.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 1.4 HUMAN RESOURCES DEVELOPMENT					
1.4.1	Implementation of MFMA regulations on minimum competencies	The Municipality engaged by National Treasury on the published Minimum competency regulations. Planning for competency assessments for target group	in place by July 2009	Functional programme in place	The programme is progressing well within the set timelines - The target group has been assessed for competence; The latter includes an identification of competencies which will be acquired through formal training as well as those to be pursued through recognition of prior learning (RPL). To this end, the RPL of officials against prescribed unit standards is under way. With regard to development of the target group through formal training. 4 out of 8 officials participating in the CPMD through funding provided by the LGSETA have completed the programme and will be graduating in October 2010. The Municipality needs approximately R10m to enable full formal training of the target group on the remaining unit standards. The Municipality is currently engaged in talks with National Treasury to address the financial challenge. To date the Chief Financial Officer has satisfied all the minimum competencies required. A total of 42 officials have completed the assessments.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
1.4.2	Development submission and implementation of Workplace Skills Plan	Skills audit conducted and Workplace Skills Plan submitted to LGSETA	By June 2010	Target met	Consultation with all stakeholders has taken place. WSP developed and submitted to LG Seta on 30 June 2010.
1.4.3	% adherence to the Workplace Skills Plan	60%	95%	62%	62 % of the 2009 / 2010 WSP has been implemented. LGSETA expects municipalities to implement at least 65 %. Poor co-ordination resulted in the target not being met. This will be improved in the next financial year.
1.4.4	% of the Municipality's operating budget spent on implementing its Workplace Skills Plan	0.2%	0.1% by June 2010	0.13%	The training expenditure was R6 100 670 and the total budget was R4 655 953 530 giving a percentage of 0.13%.
1.4.5	Development and implementation of a Management Development Programme	9 Senior officials undergoing training. Service Provider appointed to develop course content for a general managerial training programme	By September 2009	Target met	15 Councillors and officials are in the programme.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
1.4.6	Development and implementation of an assessment centre model	A project steering Committee established and service provider appointed to undertake a feasibility study	By June 2010	Target not met	Capacity challenges in the directorate prevented the achievement of the target. This will be addressed in the next financial year.
1.4.7	Development and implementation of a remuneration framework	Remuneration framework developed	By December 2009	Target not met	Lack of capacity in the Directorate prevented the achievement of the target. A service provider will be appointed to finalise the remuneration framework.
1.4.8	% success in recruiting scarce skills requested by Directorates	4 positions have been filled in terms of scarce skills programme. Furthermore 1 international recruitment appointment was made (Transporta-tion Planning Officer)	75%	53%	Measures have been put in place to monitor performance on this KPI on a more regular basis. Efforts are being intensified to ensure regular feedback and evaluation, which will see performance improvement in the new financial year.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
1.4.9	% adherence to the Employment Equity Plan	EE Plan submitted to Council on 4 June 2009 for approval	100%	80%	DG Review process has been completed. The draft EE Plan (grade 1 - 12) has been submitted to Human Resources & Corporate Administration Standing Committee for a recommendation to consult with all the relevant stakeholders. The implementation of the adopted plan (grade 13 upwards) is on course. Appointments are done in line with the Employment Equity targets.
1.4.10	Number of people from employment equity target groups employed in the three highest levels of management in compliance with the Municipality's Employment Equity Plan	295 women, 240 Africans, 110 Coloureds and 5 Indians		75 (Top Management); 250 (Senior Management); 587 (Professionally qualified and experienced specialists and mid management)	
1.4.11	Existence of a functional Local Labour Forum	Quarterly meetings held	Quarterly meetings	A functional Labour Forum exist	Quarterly meeting was held on 11 May 2010. A Local Labour Forum breakaway session took place from 17 - 18 June 2010.
1.4.12	Implementation of a Labour Relations Strategy	Draft Strategy in place	By September 2009	Target not met	Draft Strategy in place, currently being consulted with Unions. Due to extensive consultative process, the target could not be met.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
1.4.13	Development and implementation of a capacity development programme for full-time shop stewards	N/A	By September 2009	Draft Programme developed	Draft Programme in place, currently being consulted with Unions. Due to extensive consultative process, the target could not be met.
1.4.14	Development and implementation of an Induction Programme for new employees	N/A	By December 2009	In place	The Induction Policy was submitted to the Human Resources and Corporate Administration Standing Committee on the 8th June 2010. The implementation process is underway.
1.4.15	Turnaround time for recruitment of staff from submission of recruitment notification number of months	3	3		During the 2nd quarter of 2010, 124 advertisements have been placed. Data Capturers have been working overtime to address the huge amount of application forms received for this quarter. To date 45 vacancies have been captured, and 79 remain outstanding and/or in the process of being captured.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 1.5 POLICY ALIGNMENT					
1.5.1	Implementation of Policy management framework	Policy framework developed	100%	100%	The framework has been workshopped in all directorates. To ensure consistent implementation of the framework, all policies are revised/developed through the Office of the COO. In addition the Office of the COO and Corporate Services directorates are entrusted with a responsibility of ensuring that this process requirement is adhered to when policy related items are submitted in the agenda of the various NMBM committees.
KPE 1.6 CORPORATE GIS					
1.6.1	Adoption of GIS strategy	GIS Strategy developed and approved by Management Team on 9 June 2009	By July 2009	Strategy in place and being implemented	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
1.6.2	Development of an Integrated Land Information System Framework and implementation plan	Tender specifications developed	By December 2009	Implementation against plan	The analysis phase is complete with the following deliverables being submitted and signed off: • Project Charter • Project Plan • Definition of Business Problems • Stakeholder Management Framework • Causes of Problems • Data Clean-up Process • Likely TO BE Solution • Spatial Data Framework • Evaluation Report Design Phase to commence.
KPE 1.7 ORGANISATIONAL EFFICIENCY					
1.7.1	Ensure organisational efficiency by % adherence to the programme for the reduction of organisational inefficiencies	Organisational efficiency plan of action developed and being implemented	100%	89%	Despite challenges which include inadequate-enforcement of the plan/ non-reporting by directorates and Non-implementation/Inconsistent application of the underlying principles and resolutions, the NMBM has for the 1st time in this project realised a reduction on the total operating expenditure - An improvement of 89% (from R76,294,901 to R8,428,074) during the period (July 2008 – March 2009) and (July 2009 – March 2010). In addition, expenditure on high expenditure items/cost drivers was reduced from R209,242,976 to R203,696,544 between July 2008 – March 2009 and July 2009 – March 2010. To further maximise performance in this regard, benchmark guidelines on acceptable spending levels will be developed by 30 September 2010.

INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT: PERFORMANCE HIGHLIGHTS, CHALLENGES AND REMEDIAL ACTION

During the 2009/10 financial year, the Municipality maintained its focus on rendering the Integrated Development Plan and Budget more accessible and people centred. The continued focus on ward-based planning and public consultation processes ensured that strategic planning and integration were further enhanced.

The Municipality has a functional Performance Management System in place. Performance agreements for the Municipal Manager and all Section 57 employees were concluded during the review period in line with the requirements of the Performance Management Regulations for Municipal Managers and Managers accountable to Municipal Managers (2006) and the MFMA National Treasury Regulations on Minimum Competencies. With regard to cascading of performance management to lower level employees, four Directorates have already rolled out to Director level only, while five directorates have rolled out to Assistant Director level.

A Workplace Skills Plan was developed and submitted to LGSETA on 30 June 2010. Good progress has been made with the implementation of MFMA Regulations on Minimum Competencies within set timelines. To date, the competency of 42 officials have been assessed in terms of competency gaps and identification of training programmes. Eight staff members are undergoing Certificate Programme on Management Development (CPMD) training of which four have already completed the programme.

To improve the managerial and leadership skills of senior officials and Councillors, a management development programme was developed and successfully implemented.

The implementation of the adopted Employment Equity Plan for Grade 13 upwards is on course. Appointments made, are done in line with Employment Equity targets.

A functional Local Labour Forum is in place. A local Labour Forum breakaway session was held on 17 and 18 June 2010 to resolve long outstanding labour relations issues

which includes pay parity, harmonization of conditions of service, rationalization, performance management, recruitment processes and HR policies.

The following areas have been identified as challenges to be addressed in terms of institutional transformation and organisational development:

(a) Absence of a long-term shared vision and long-term plan.
(b) Absence of a framework for delegation of authority.
(c) Political instability, which paralysed municipal operations.
(d) Performance management not cascaded down to all levels.
(e) Lack of competency based skills development in the institution.
(f) Lack of integrated government-wide planning.
(g) High vacancy rate.
(h) Achieving sound labour relations in the institution.
(i) Harmonisation of the conditions of service.
(j) Sporadic incidents of non-adherence to corporate governance.
(k) Absence of full-time Municipal Manager.

In the year ahead (2010/11), the Municipality will prioritise the following:

(a) Implementation of the institution's Turnaround Strategy, which sets the Metro on a new inclusive development path.
(b) Development of a long-term shared vision and plan for Nelson Mandela Bay.
(c) Cascading of performance management to lower levels of employees.
(d) Pursuance of greater cohesion, integration and co-ordination internally as well as with other spheres of government.
(e) Development of an integrated Human Resources Plan in consultation with all directorates and stakeholders.
(f) Finalisation of the disciplinary case of the Municipal Manager.
(g) Identification and institutionalization of a shared organisational culture that promotes good governance, operational efficiency and performance excellence.
(h) Creating a conducive environment for labour peace and harmony.

ADDITIONAL INFORMATION AND DATA ON INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

(a) Presentation of the organisational structure

For the organisational structure, please see Annexure “A“.

The Municipality has a workforce of 6 497 employees.

(b) Staff development initiatives during the financial year

A total number of 810 employees were trained in different learning areas during the 2009/10 financial year in terms of the Workplace Skills Plan submitted to LGSETA on 30 June 2008. This forms part of the Municipality’s Human Resources Development Plan.

Furthermore, during the 2009/10 financial year, 44 unemployed graduates and 10 experiential training students received training in various fields. In addition, 41 unemployed persons were awarded bursaries in scarce and critical skills. Altogether 129 unemployed persons participated in various Learnership Programmes. In addition, 61 employees have enrolled in Local Government Certificate learnerships.

(c) Trends in personnel expenditure

As reflected in the table below, the Municipality has managed to contain personnel expenditure at an acceptable rate, so as to release more funds for service delivery.

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2006-2007	6 252	3,154,010,310	1,036,653,107	32.86%
2007-2008	6 225	5,145,054,890	1,264,406,908	24.57%
2008-2009	6 473	4,401,649,240	1,286,490,950	29.10%
2009-2010	6 497	5 208 008 400	1 641 282 392	31,51%

(d) Employees' pension and medical aids

Information with regard to employees' pension and medical aids is reflected below.

Names of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Retirement Fund (incl. Pension Fund)	2 986	LA Health	1 008
SALA Pension Fund	3 364	Bonitas	2 288
SAMWU Provident Fund	103	KeyHealth	440
		Hosmed	501
		SAMWU Medical Aid	792

(e) Senior officials' wages and benefits

Information on senior officials' wages and benefits is reflected below:

Remuneration of the Municipal Manager	
Annual Remuneration	1,049,964
Performance Bonuses	0
Car allowance	96,000
UIF, Medical and Pension Funds	1,497
Total	**1,147,461**
Remuneration of the Acting Municipal Manager	
Annual Remuneration	849,000
Performance Bonuses	0
Car allowance	0
UIF, Medical and Pension Funds	998
Total	**849,998**
Remuneration of the Chief Financial Officer	
Annual Remuneration	706,371
Performance Bonuses	0
Car allowance	159,600
UIF, Medical and Pension Funds	128,805
Total	**994,776**
Remuneration of the Chief Operating Officer	
Annual Remuneration	714,579
Performance Bonuses	0
Car allowance	144,000
UIF, Medical and Pension Funds	134,692
Total	**993,271**
Remuneration of the Chief of Staff	

Annual Remuneration	883,500
Performance Bonuses	0
Car allowance	0
UIF, Medical and Pension Funds	76,785
Total	**960,285**

Remuneration of the Chief Executive Officer - MBDA

Annual Remuneration	1,075,893
Performance Bonuses	136,307
Car allowance	60,000
Total	**1,272,200**

Remuneration of the Chief Financial Officer - MBDA

Annual Remuneration	607,596
Performance Bonuses	78,949
Car allowance	24,000
Total	**710,545**

Remuneration of the Planning and Development Manager - MBDA

Annual Remuneration	545,994
Performance Bonuses	62,699
Car allowance	24,000
Total	**632,693**

Remuneration of the the Operations Manager - MBDA

Annual Remuneration	336,362
Performance Bonuses	28,591
Total	**364,953**

Remuneration of Individual Executive Directors

Corporate Services

Annual Remuneration	838,788
Performance Bonus	0
Car Allowance	120,000
UIF, Medical and Pension Funds	1,497
	960,285

Economic Development and Recreational Services

Annual Remuneration	727,248
Performance Bonus	0
Car Allowance	96,000
UIF, Medical and Pension Funds	137,035
	960,283

Public Health

Annual Remuneration	951,439
Performance Bonus	0
Car Allowance	130,880
UIF, Medical and Pension Funds	1,373
	1,083,692

Housing and Land	
Annual Remuneration	938,976
Performance Bonus	0
Car Allowance	120,000
UIF, Medical and Pension Funds	1,497
	1,060,473
Electricity and Energy*	
Annual Remuneration	0
Performance Bonus	0
Car Allowance	0
UIF, Medical and Pension Funds	0
	0
**(The Executive Director: Electricity and Energy position has been vacant since 1 November 2008)*	
Infrastructure and Engineering	
Annual Remuneration	826,788
Performance Bonus	0
Car Allowance	132,000
UIF, Medical and Pension Funds	1,497
	960,285
Strategic Programmes Unit	
Annual Remuneration	760,788
Performance Bonus	0
Car Allowance	120,000
UIF, Medical and Pension Funds	1,497
	882,285
Safety and Security	
Annual Remuneration	637,304
Performance Bonus	0
Car Allowance	108,000
UIF, Medical and Pension Funds	1,123
	746,427
2010 FIFA World Cup South Africa	
Annual Remuneration	810,606
Performance Bonus	0
Car Allowance	120,000
UIF, Medical and Pension Funds	89,524
	1,020,130

CHAPTER 2 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.1 PROVISION OF INTEGRATED AND SUSTAINABLE HUMAN SETTLEMENTS					
2.1.1	Development and implementation of a housing allocation policy/criteria linked to housing demand database	Draft policy in place	By December 2009	Draft Housing Policy in Place	The reasons for not meeting the target was due to the need to align the draft Policy to the national policy. The alignment has now happened. Draft Policy has to be published for public comments, then taken to Standing Committee & Council for adoption (by 30 Jan 2011). Procedures and Systems Workshop was held in Port Elizabeth on 8 June 2010.
2.1.2	Number of housing opportunities provided including old/blocked projects	8990	7900	7616 houses constructed and 3789 were issued with occupancy certificates	Non filling of Assistant Directors and Project Managers led to the under-achievement of the target. Positions will be filled during 2010/11 financial year . Contractors non-compliant with works programme. Regular interactions with contractors and other Directors are convened. 7616 practical construction were completed, but 3827 of the completed units could not be issued occupancy certificates and happy letters to non availability of water meters. All Assistant Director positions will be filled (by Nov 2010), 9 Project Manager positions - awaiting interview process by 31 Dec 2010, Contractors not complying with works program are penalized and be rated

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
					according to the approved Mayoral Committee guidelines (Terminations are effected when neccessary based to non-performance).Task team has been established to comprehensive deal with Beneficiary issues. Contractors Forum has been established to assist with relevant engagements.
2.1.3	Existence of a register of potential social housing sites per completed LSDF	No register was in place	By June 2010	Register in place	The Municipality has a list of properties (register) through which the municipality is sifting from a detailed technical perspective once properties are identified as potential Social Housing Sites. There are also government owned sites on this list which the Municipality seeks to acquire, and finally sites identified through the LSDF process which are added to the list.
2.1.4	Number of meetings held for coordination of Social Housing Stakeholders Forum	N/A	6	9	Rental Housing Workshop was held on 7 & 8 April 2010 in Gauteng. Social Housing Partners meeting was held on 29 April 2010. Housing Leadership Forum meeting held on 20 and 21 May 2010. Provincial Capacity Building Workshop held in East London on 14 June 2010.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.1.5	Number of informal settlements upgraded and connected to basic services	3 (Wells Estate, Motherwell NU29 and New Brighton Silvertown)	3	7	The areas are: Wells Estate, Ngwendu Street, Sisulu, Silvertown New Brighton, Pendla, Eluxolweni, and MK Silvertown.
2.1.6	Number of households relocated from floodplains and other servitudes	2421	1200	1264	
2.1.7	Number of households educated in line with low cost housing delivery programme	N/A	7900	5071	The reason for not meeting the target was that the section was depleted in terms of staff and many staff members were on stress leave. The staff shortages have now been addressed. The causes of stress leave have now been attended by Human Resources and Occupational Health (Public Health).
2.1.8	Repairing all 'wet-and-defective' houses in 16 projects	0	16	14	14 projects has been approved to date of which 700 units was completed between Mar - June 2010. 2 applications were pending the change in scope of the projects.
2.1.9	Number of disaster-affected housing units repaired	3 totally rebuilt and completed	580	678	All disaster units were completed in 3rd term.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.1.10	Fulfilling all requirements for Level 2 accreditation	Accredited for Level 1	By June 2010	Awaiting Business Plan approval	The business plan was submitted to Provincial Department of Housing and the NMBM is awaiting approval of the Business Plan 2010/11 Accreditation. An Accreditation Task Team was established consisting of the Councillors and officials. The first Task Team meeting will take place on 20 July 2010.
KPE 2.2 SPATIAL DEVELOPMENT PLANNING					
2.2.1	Review of a Spatial Development Framework	Approved SDF in place	Annual review	Ongoing review Process	The SDF is reviewed through a number of inputs - these include- update of demographic study, LSDF inputs to the LSDF, the preparation of the Environmental Management Framework. All of these are under way and in progress. This is because an SDF only needs to be reviewed approved by Council every 5 years. As the SDF was approved in 2009, it only need to go before Council again in 2014. Furthermore, the annual reviews are internal and thus not subject to formal approval processes as such. However, the processes that inform the annual review such as the Demographic Study, local spatial development frameworks plans, EMF etc are formally approved. Such evidence is provided when these approvals happen.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.2.2	Development of local spatial development frameworks (LSDF)	Happy Valley and surrounds, a benchmark study of the status quo situation has been prepared and meetings with stakeholders were held to prepare the first draft	Local spatial development frameworks developed for identified areas	3 LSDF's approved by Council	Helenvale, Lorraine & 2010 Precinct LSDF's were approved by Council, There are still 7 LSDF's in the pipeline which needs approval. The following LSDF's are in progress: Motherwell and Wells Estate, Uitenhage & Despatch, Western Surburbs (Hunters Retreat area), Newton Park/Cape Road, Walmer, Zanemvula and Soweto-on-Sea, MBDA Mandate area/Happy Valley. A number of LSDF's have been approved over the last 24 months. However, these LSDF's are hugely complex and time consuming particularly when it comes to public participation which in itself is a very complex and time consuming process and consequently the cause of much of the delay. Measures to try to alleviate this problem include increased co-operation with the respective ward councillors and the assistance of the Corporate Services Directorate in arranging public participation meetings.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.3 LAND USE MANAGEMENT					
2.3.1	Approval of consolidated zoning scheme and legal verification	12 zoning schemes amalgamated	By June 2010	Consolidated zoning scheme developed	Consolidated zoning scheme developed. Phase 1: Policy development approved. Phase 2: Standardisation of the 12 separate zoning scheme to be integrated into a single scheme was completed and approved. Phase 3: Testing done and constant refinements.
2.3.2	Revision of strategy to address delays in processing of land applications	Strategy developed and implemented	By December 2009	Strategy revised & implemented	The following has been introduced: All applications are vetted in terms of Compliance checklist before processing. Retired officials and scarce town planners recruited to fast-track processing. Multi-disciplinary task team was established which meets weekly to coordinate applications & fast-track approvals. Computerised application flow and monitoring is being done in order to identify optimal workflows as well as tracking. Integrated Land Use Management System was introduced to streamline processes. A public conduct enquiry office was established, manned by 2 officials.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.4 PROVISION OF WATER					
2.4.1	% households in the urban edge provided with access to basic potable water within a 200 m radius	100% within the urban edge	100%	100%	Standpipes have been provided within a 200 m radius in informal areas. With regard to peri-urban areas, water tanks are being used.
2.4.2	Number of new households provided with access to basic potable water	14797	7900	3592	2882 RDP and 710 other households connections. The target follows housing provision. The mitigation factors provided by housing also applies.
2.4.3	Provision of bulk water services in line with low-income housing delivery programme	N/A	By June 2010	Target met	
2.4.4	Connection of water in sites abandoned by contractors in Kuyga	630	630	630	
2.4.5	Connection of water in sites abandoned by contractors in Kleinskool	174	347	278	278 units connected. The contractor is experiencing cashflow problems. No work has been done in this quarter. The contract was terminated and a new contractor was appointed and is currently testing new water pipes.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.5 WATER DEMAND MANAGEMENT					
2.5.1	Development and implementation of a Water Demand Management Strategy and Business Plan	No strategy	By June 2010	Strategy under implementation	Item prepared to Infrastructure, Electricity, & Energy Committee (IEEC) for approval of strategy.
2.5.2	% reduction in non-revenue water (unaccounted for water)	2%	1%	0%	Actual consumption from the billing information had many anomalies that have to be corrected first before a proper data analysis can be run. This is being addressed during 2010/2011 financial year.
2.5.3	Number of old domestic water meters replaced as part of Water Demand Management Strategy	35749	5000	15426	
2.5.4	Finalisation of Bulk Water Infrastructure Development Levy Policy	No policy	By June 2010	Draft policy in place	Draft policy complete. Policy being reviewed in terms of approved Water Services Bylaw.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.6 SANITATION					
2.6.1	% of households with access to basic level of sanitation	N/A	91%	91%	
2.6.2	Number of new households connected to sanitation services in terms of the housing programme	8990	7900	3592	2882 RDP and 710 other households connections. The target follows housing provision. The mitigation factors provided by housing also applies.
2.6.3	Implementation of alternative methods of sanitation to informal areas	Draft report in place	By June 2010	Tender advertised	Tenders cannot be awarded because of insufficient funds. Item being prepared to the Infrastructure, Electricity, & Energy Committee (IEEC).

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.7 ROADS					
2.7.1	Implementation of Integrated Public Transport System for 2010 and beyond	1 - Complete, 14 - Construction, 8 - Delayed, 44 - in Design, Bus tender adjudication, Draft Operation plan complete, Operators Business plan complete	Completion of: Govan Mbeki Avenue * Fettes Road * Heugh Road * Allister Miller Drive * Newbolt Road * Milner Road * Neil Bosch Road * Prince Alfred Rehabilita-tion * Portion of Kempston and Harrower Road	Govan Mbeki (Russell to Ambrose), Fettes Road, Heugh Road, Allister Miller Dr, Neil Bosch Road, Milner Road, Prince Alfred Road	The following projects have been completed; Govan Mbeki (Russell to Ambrose), Fettes Rd, Heugh Rd, Allister Miller Dr, Neil Boss Rd, Milner Rd, Prince Alfred Rd, Kempston Rd was opened to traffic whilst the 2010 WC was in process, work shall continue from 13 July 2010 to be completed in October 2010.
2.7.2	Km of roads tarred	37,7	38	29,50	The reason for not meeting the target can be attributed to late Environmental Impact Assessment approvals.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.7.3	Number of Culs-de-sac tarred	N/A	50	52	
2.7.4	Km of sidewalks tarred	27,5	20	29,70	
2.7.5	Km of roads resurfaced	57	70	70	
2.7.6	Km of roads rehabilitated/ reconstructed	14	5	3.50	Contract terminated.
2.7.7	Km of roads gravelled	105	80	90	
2.7.8	Rehabilitation of bridges	2	2	1 (Pell Road Phase 1 complete. 2nd - Lower Valley - 80% complete).	Pell Road Phase 1 complete; Lower Valley 80% complete. Pell Road Phase 2 to commence after the World Cup 2010. Lower Valley will be completed in August 2010. Work had to be stopped for 2010 FIFA World Cup™ with regard to Lower Valley Bridge.
2.7.9	Construction of pedestrian bridge	N/A	1	1 (Motherwell) - 85% complete	Progress is 85% complete & is anticipated to be completed in 30 July 2010.
2.7.10	Number of streets equipped with traffic calming measures	66	20	29	
2.7.11	Sets of traffic lights installed	10	5	6	
KPE 2.8 STORMWATER					
2.8.1	Km of stormwater drainage installed	14,3 km	3	11,60	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.9 ELECTRICITY AND ENERGY					
2.9.1	Number of erven connected to electricity	2571 low cost houses	3200	3872	3 804 (Projects) plus 68 (Distribution) = 3 872.
2.9.2	% households provided with an electricity connection on land demarcated by the Municipality for residential purposes	97,5%	98%	99%	
2.9.3	Introduction of energy-efficient lighting in municipal buildings	Awaiting DORA funding	By March 2010	Budget provision from DoRA	Budget provision from DORA only available in 2010/11 financial year (target set for March 2011). Contracts to go to Bid Specification Committee in January 2011.
2.9.4	Number of new households connected to hot water load control	47983	32042	54410	
2.9.5	Replacement of 30 000 existing streetlights with energy-efficient lighting	Submitted application to the Dept of Energy for funding	30000	Tendering process under way	The tender process has now closed. A site meeting is expected to be held on 6 July 2010.
2.9.6	Roll out of solar heating to crèches by June 2010	N/A	50	20	Project completed. Annual target was overstated.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.9.7	Roll out of solar heating to 1000 low-cost housing by June 2010	N/A	1000 low cost housing	1084 low-cost housing	Project completed. (Chatty 3 & 4)
2.9.8	Obtain ROD for three potential wind sites	N/A	By June 2010	Target not met	An environmental impact assessment is unfortunately governed by a national process, which includes a multitude of milestones. The NMBM has concluded all local stakeholder and local specialist studies and submitted the final documentation to national government. ROD evaluation is now awaited and is expected end October 2010.
2.9.9	Obtain ROD and begin site works for Fish water flats Methane Generation	N/A	By December 2010	Awaiting generation licence	The Fishwater Flats process is governed by the issues of a generation licence from NERSA. This licence is still being disputed and therefore no further movement has occurred. Awaiting generation licence approval from NERSA.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.9.10	Development of a comprehensive Energy Plan for the Metro with deliverables and targets in order to meet the current and future demand	N/A	By June 2010	Integrated Energy Plan developed	
2.9.11	Implementation of landfill to gas programme	N/A	Start gas flaring & generation	Gas flaring to be done (December 2010)	The gas flaring did not start as anticipated in December 2009 as a result of the EIA process. A Record of Decision is still awaited and until such time no gas flaring can legally take place. The new date expected is December 2010.
2.9.12	Replacement of traffic light heads with modern low energy consumption heads or solar heads (number of intersections)	70 intersections	100	152	
2.9.13	Piloting the use of energy back-up on traffic lights under load shedding and power failure conditions	N/A	By November 2009	Pilot completed recommendations	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.9.14	Development and implementation of electricity and energy efficient management educational programmes	Educational programmes developed	Developed and Implemented by June 2010	Delay in procuring services	The programme will start from 17 July 2010. The programme was delayed due to procuring of services for printing pamphlets, leaflets, booklets and brochures. The process was stopped due to budgetary constraints.
2.9.15	% electricity loss in line with NERSA	6,70%	7%	7%	
2.9.16	Number of projects supported in the NMBM Go Green Campaign	N/A	2	2	Energy efficiency under DoRA and solar water heating.
KPE 2.10 PRIMARY HEALTH CARE SERVICES					
2.10.1	Number of municipal primary health care facilities constructed (Zanemvula and Langa Kabah)	2	2	2	a) Rocklands Clinic: The construction of this clinic is completed as at June 2010. b) Kwanobuhle Clinic (Mabandla Area 10): The construction of this clinic is completed as at June 2010.
2.10.2	Number of municipal primary health care facilities upgraded (Booysens Park Masakhane New Brighton Zwide and KwaZakhele clinics)	1	5	4	Project progress for ART Upgrade at PHC Facilities: 1. Booysens Park - 100% complete 2. Kwazakhele - 100% complete 3. New Brighton - 100% complete 4. Zwide 100% complete 5 Kuyga (Masakhane) 90% complete

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.10.3	Additional municipal primary health facilities focusing on youth-friendly health services (Masakhane Clinic)	2	1	1 (Masakhane Clinic)	
2.10.4	% municipal primary health care facilities with disability access	80%	100%	100%	
2.10.5	% coverage of expanded programme on immunisation of children in the Nelson Mandela Bay	N/A	90%	90%	
2.10.6	Nurse-to-patient ratio	1:37	1:43	1:40	
2.10.7	% community health clinics providing integrated management of childhood (IMCI) illnesses	100%	100%	100%	
2.10.8	% community health clinics providing antenatal care	90%	87%	93%	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.10.9	% designated primary health care facilities providing dual therapy to prevent mother-to child transmission of HIV	90%	87%	93%	
2.10.10	Number of meetings of the AIDS Council held	N/A	4	2	
2.10.11	Number of training sessions on HIV/AIDS and STIs held	N/A	4	8	
2.10.12	Number of stakeholder workshops on HIV/AIDS and STIs conducted	N/A	2	6	
2.10.13	Number of HIV/AIDS and STIs social mobilisation events conducted per quarter	N/A	12	10	The reason for underperformance is due to shortage of qualified staff. The post of ATTIC Manager which is a contractual post is awaiting approval.
2.10.14	Number of additional accredited primary health care sites providing ART services in Nelson Mandela Bay	2	3	6	Masakhane Clinic, Du Preez Street Clinic, Gqebera Clinic, West End, Joe Slovo Clinic, Wells Estate Clinic.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.10.15	% new smear positive TB cure rate	70%	75%	73%	The decrease in this important indicator reflects a range of factors that affects vulnerable communities such as patient mobility, alcohol abuse impacting on poor TB treatment adherence and unemployment all of which require multiple interventions beyond simply TB treatment. The downward trend this quarter may reflect the impact of the FIFA 2010 World Cup on PHC services where patients tend to neglect the required treatment adherence. Hopefully this will improve in the next quarter despite the human resource limitations facing NMBM PHC Services.
2.10.16	% new smear positive TB defaulter rate	Reduced by 10% (from 19,9% to 9,9%)	5%	12%	The Municipality is currently implementing the national programme on TB together with the Provincial and National Department of Health to improve the situation. The TB patients who are sputum smear positive immediately indicates the potential for on-going transmission of TB and the development of drug-resistant forms of TB. Such a result also represents the most cost-effective way to manage TB control because default of treatment by TB patients encourages the development of drug-resistant forms of TB which are ten to a hundred fold more expensive to treat and often have a much poorer outcome when treated.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.10.17	% new smear positive TB conversion rate	80%	75%	72%	Measures to improve include: 1. Improved TB adherence intervention through implementation of routine adherence counselling at entry to TB treatment in regard to sputum specimen collection. 2. More intensive supervisory support at selected high TB burden PHC clinics to monitor sputum smear collection and specimen turn-around time. 3. Enhanced sputum collection and recording at 2 or 3 months to confirm sputum conversion. 4. Training of Councillors on TB Control and their role in supporting TB Control efforts through TB Social Mobilization. 5. Enhancing food security through the establishment of clinic food gardens that support TB patients, with a priority placed on intensive phase support until 2 or 3-month sputum smear collection.
2.10.18	% TB clients on directly observed therapy (DOTS)	98,5%	99%	100%	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.10.19	Existence of an implementation plan to align and integrate activities of TB supporting NGOs	N/A	By September 2009	Report against plan	
2.10.20	Implementation of disease outbreak response plan (Monthly surveillance Reports on all reported outbreaks of notifiable diseases)	N/A	12 Reports	12 Reports	
2.10.21	Development and implementation of critical incidents stress management programme for high risk directorates	N/A	By June 2010	Critical incidents, stress management programmes for high risk directorates implemented	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.11 OCCUPATIONAL HEALTH SAFETY AND WELLNESS					
2.11.1	Reviewal of municipal staff policies and procedures to ensure non-discrimination and destigmatisation based on health status of employees	N/A	By June 2010	Submission to Standing Committee	The policy under review is workplace HIV and AIDS Policy. Pending Local Labour Forum (LLF). Unions request to submit comments to the next meeting, which will be in February 2011.
2.11.2	Number of medical surveillance reports on compliance with Occupational Health and Hygiene at workplace submitted (Reports to Public Heath Standing Committee)	N/A	4	1	Service level agreement to be finalized in August 2010 and service provider to commence on 1 September 2010.
2.11.3	Number of occupational health & wellness centres constructed	N/A	1 (Walmer)	1	Construction complete. Date of the handover - 11 June 2010.
2.11.4	Number of occupational health and wellness centres upgraded	N/A	1 (Uitenhage)	1	One (1) municipal health care facility upgraded in Kabah-langa (Uitenhage) Upgrade completed. Date of the handover – 5 May 2010.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.11.5	Quarterly submission of reports and inventories of legal compliance by directorates	N/A	Quarterly reports	Quarterly reports	
2.11.6	Implementation of ARV treatment & support programme for employees	Proposal submitted to NGO for funding	By June 2010	ARV treatment and support programme implemented	Programme has been established in partnership with Primary Health Care Sub-directorate.
2.11.7	Submission of employee medical surveillance reports	N/A	Quarterly reports	Employee Report in place	
2.11.8	Submission of IOD statistical data	N/A	Quarterly reports	4th Quarter Report	
KPE 2.12 WASTE MANAGEMENT					
2.12.1	% of households in formal urban and peri-urban areas provided with kerbside waste collection services	100%	100%	100%	
2.12.2	% of households in informal urban and peri-urban areas provided with access to a basic level of service	97%	95%	98%	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.12.3	Development & implementation of a programme to eliminate illegal dumping in Nelson Mandela Bay	N/A	By September 2009	Programme under development	The comprehensiveness of the strategy necessitated extensive work hence the delay in finalization of the strategy.
2.12.4	Number of wheely bins in circulation 4000 (replacements in Uitenhage)	2900	4000	7478	
2.12.5	Number of wheely bins in circulation 7900 (new households in line with Housing Plan)	N/A	7900	2175	Only when an entire area of at least 1500 houses has been built, will wheely bins be distributed.
2.12.6	Development of waste disposal facilities	1 (Koedoeskloof 350 000 cubic meters airspace)	2000 cubic meter airspace 2010	Target met	450 000 cubic metres airspace developed.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.12.7	Number of transfer stations/ recycling centres established (transfer station to be established)	Process subdivision application	2	1	One transfer station completed (Helenvale). Work on the Gunguluza site was stopped by the local community. Meetings are being held with the Ward Cllrs concerned and the Legal officer to solve the impasse. Target date: August 2010.
2.12.8	Introduction of waste minimisation Projects1 source separation recycling project successfully implemented (By June 2010)	N/A	1 recycling project implemented by June 2010	1 recycling project implemented	Source Separation Project in Blue Horizon Bay is continuing. Meetings held bi-monthly.
2.12.9	Introduction of waste minimisation Projects Introduction of paper recycling project in 5 municipal buildings	N/A	5	1	Problems with the contractor. Matter has been referred to courts by the contractor. Contract will not be extended. Nelson Mandela Metro will revise the specifications and re-advertise the tender.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.12.10	Implementation of alternative waste collection services :Sustaining 9 waste management cooperatives	9 waste management cooperatives	9 waste manage-ment co-operatives	10 Waste management cooperatives	Maintained the existing 10 Cooperatives.
2.12.11	Implementation of alternative waste collection services : Sustaining ward based cleaning programme in 24 wards	Ward based cleaning programme in 24 wards	Sustaining ward based cleaning programme in 24 wards	Ward based cleaning programme sustained in 24 wards	WBCP is maintained in 24 wards.
2.12.12	Number of waste awareness events conducted	3293	800	3270	
KPE 2.13 ENVIRONMENTAL HEALTH					
2.13.1	Development of an Integrated Air Quality Management Plan	No integrated Air Quality Management Plan in place	By June 2010	Tender developed	Provincial Office developed a tender for the supply of Air Quality Management. Plan for the NMBM at own cost. A memorandum of Agreement is being drafted for Province and NMBM for the AWMP.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.13.2	Development of an Integrated Noise Control Plan	N/A	By June 2010	By-law in place and being implemented	Noise Control By-Law promulgated on 24 March 2010 which is being implemented instead of a Noise Control Plan. 304 noise complaints made.
KPE 2.14 PARKS AND CEMETERIES					
2.14.1	Number of Public Open Spaces developed	27	10	18	
2.14.2	Number of Public Open Spaces and Street islands maintained	7 154 925 hectares maintained	150	7662	
2.14.3	Number of trees planted	1996	2500	2297	The number of trees planted was affected by the drought conditions in Nelson Mandela Bay.
2.14.4	Number of cemeteries upgraded	Zwide & KwaNobuhle cemeteries in progress	2	2	Zwide and Kwanobuhle Cemeteries.
2.14.5	Number of cemeteries maintained	N/A	22	22	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.15 ENVIRONMENTAL MANAGEMENT					
2.15.1	Number of eco-tourism projects implemented in identified nature reserves with a direct benefit to adjacent communities	Service provider appointed to develop guidelines and specifications	3	3	Maitland, Van Stadens and Settlers Park.
2.15.2	Formulation of Environmental Management Framework	N/A	By June 2010	Draft Environmental Management	Due to the expectation of the new EIA regulations from National Department of Environmental Affairs that comes into effect on the 2nd of August 2010, the process of developing the geographic areas had be put on hold as they are in draft format. The process will commence after 2 August. The reason for pausing was that the EIA regulations have got a significant bearing on the finalization of the geographic areas.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.15.3	Formulation of Bioregional Plan	Service provider appointed to develop NMBM Bioregional Programme	By June 2010	Draft Bioregional Plan in place	The draft Bioregional Plan was submitted to Department of Environmental Affairs in Pretoria for the gazetting process in the quarter ending March and approval is being awaited by the Municipality.
2.15.4	Number of NMMOSS projects implemented	10	2	2	Baakens Valley Recovery Program and Baakens Ranger.
2.15.5	Formulation of a plan to develop and implement a sustainable green procurement policy	N/A	By June 2010	Draft Green Specifications Report	Green procurement has not been included in this financial year due to the dependence of its finalization to other NMBM departments such as supply chain management as well as our sister City Goteborg. NMBM is visiting Goteborg in August 2010 with Supply Chain Personnel to finalize the policy. A clause will be included within the current Supply Chain Management Policy as it is under review.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.15.6	Number of people attending environmental conservation education and awareness programmes	30 650	15000	38065	
KPE 2.16 CRIME PREVENTION					
2.16.1	Promotion of community awareness and involvement Establish functional ward safety structures in all 60 wards	This will form part of function of Metro Police Project team	60	0	The existing ward safety structures are the Community Policing Forums of the SAPS which are aligned to police station area's and not wards. Ward structures are part of the proposed Municipal Police which are awaiting approval by the MEC. The 17 Community Policing Forums cover all wards in Nelson Mandela Bay.
2.16.2	Promotion of community awareness and involvement 8 safety and crime prevention programmes targeting the youth and others implemented as part of social crime prevention plan	10	8	39	Forums are attended by Safety and Security staff. These staff addresses youth during these forums and thereby promote community awareness through safety programmes. The topics cover evacuation of the schools in time of emergencies as well as fire safety issues. The total of 17 programmes were presented in Safety and Security for the last quarter. The target was exceeded.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.16.3	Number of CCTV cameras installed and monitored	62 installed in 2008/09 and 136 in total established and monitored	293	354	
KPE 2.17 DISASTER MANAGEMENT					
2.17.1	Number of additional disaster management offices established	Office under construction. Employees to manage the Office have already been appointed	2	3	Wells Estate, Gelvandale offices as well as Kabah satellite office established and occupied. Despatch satellite office upgraded as alternative JOC facility near completion.
2.17.2	Establishment of a fully functional Disaster Management Advisory Forum (DMAF)	DMAF in place	By December 2009	Target met	Fully functional DMAF in place. DMAF stake holders workshop for Disaster Plan held 22 January 2010. Relief task team meeting held on 18 February .ECSEC meeting held on 19 November 2009. Medical task team meeting held on 11 November 2009. The Relief Response Policy meeting and the Outbreak response Team Meeting took place.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.17.3	Number of satellite areas with established disaster management committees and teams	6	8	6	Chatty, Despatch, Greenbushes, Kwanobuhle, Kwazakhele and Motherwell. Once the positions of Disaster Management staff for satellite areas have been filled, the committees and teams will be formed.
2.17.4	Number of disaster early warning systems Metro-wide (systems)	6 systems	4 Systems	9 Systems	8 CCTV systems installed to date. Weather web portal fully operational for 2010 FIFA World Cup. Flash flood guidance system not fully operational yet as planned.
2.17.5	% compliance with Disaster Management Plan	100%	100%	100%	Disaster Management Plan and Risk Assessment Plan completed by SRK consultants. Disaster Plan and Policy Framework to be approved by Portfolio Committee and forwarded to council.
2.17.6	Upgrading of Disaster Management Centre including a Joint Operations Centre Operations Officers and GIS Office	N/A	By June 2010	Fully functional Disaster Management Centre	Facility upgraded and equipment installed. The facility was utilised during the 2010 FIFA World Cup as the Host City Joint Operational Centre.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.18 TRAFFIC SAFETY					
2.18.1	Number of initiatives introduced to reduce road fatalities (initiatives)	12 initiatives	20 Initiatives	174 Initiatives	
2.18.2	Number of initiatives introduced to reduce public transport accidents and lawlessness (initiatives)	8 initiatives	30 Initiatives	42 Initiatives	
2.19 FIRE AND EMERGENCY SERVICES					
2.19.1	Adherence to emergency response timeframes Fire	10 min	10 min	8 min	
2.19.2	Adherence to emergency response timeframes Disaster	30 min	30 min	30 min	Disaster Management is not generally classified as an emergency response service.
2.19.3	Adherence to emergency response timeframes Traffic	10 min	10 min	8 min	
2.19.4	Adherence to emergency response timeframes Security	N/A	15 min	15 min	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.19.5	Number of inspections undertaken to ensure that buildings comply with municipal by-laws	109	80	842	
2.19.6	Number of inspections of all hospitality institutions to ensure compliance	67	32	170	
2.19.7	Number of other inspections undertaken to enforce by-laws	101	100	726	
2.19.8	Number of programmes implemented to promote fire and traffic safety and disaster management	N/A	48	1014	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 2.20 SERVICE DELIVERY INTEGRATION					
2.20.1	Existence of a functional Cluster system that meets at least quarterly	A functional Cluster system exist	4	3 cluster meetings were held	Cluster Meetings for the year are as follows: Service Delivery Cluster - 26 August 2009; Socio-Economic Cluster - 16 November 2009; Social Economic Cluster - 10 March 2010. The sitting of certain cluster meetings especially the G&A was affected by the political instability. The cluster system will be reviewed and the revised Cluster System will be in place by November 2010. Cluster meetings are convened by Political Chairpersons and there was political instability in the first two quarters. In the second quarter, the new leadership came on board. The Cluster system is currently under review in line with the new political directive.
KPE 2.21 CUSTOMER CARE					
2.21.1	Finalisation of Customer Care survey	Tendering process undertaken	By June 2010	CS Survey concluded	Customer Care Survey was finalised on 9th April 2010.
2.21.2	Development and implementation of a Customer Care model		By June 2010	Institutional model developed	The model was workshopped on 28 May 2010.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.21.3	Development of a Customer Service Charter and service delivery standards		By June 2010	Customer Care Standards and Customer Care Service Charter developed	
2.21.4	Development and implementation of a Corporate Complaints Policy and Management System	Tendering process undertaken	By June 2010	Corporate Complaints Policy and Management System developed	
KPE 2.22 INFRASTRUCTURE INVESTMENT					
2.22.1	Development and implementation of an integrated planned infrastructure maintenance programme in respect of electricity, water, sewerage, transport, roads, stormwater and solid waste disposal	Infrastructure plan in place, but needs review and integration	By June 2010	Maintenance programme in place	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
2.22.2	5-year Integrated Infrastructure Development Plan developed and approved	N/A	By June 2010	Plan in place as part of MIG	

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT PERFORMANCE HIGHLIGHTS, CHALLENGES AND REMEDIAL ACTION

WATER SUPPLY SERVICE

(a) Water supply service strategy

The Municipality has a mandate to supply potable water within its area of jurisdiction and to conserve water as a natural resource. This includes bulk water supply and reticulation, in respect of which key functions are:

- Planning and research for sustainable water supply.
- Upgrading and maintenance of water distribution, reticulation and bulk infrastructure.
- Integrated delivery of water infrastructure to support integrated human settlements and economic development.

In order to achieve its water supply mandate, the Municipality adopted a long-term (up to 2020) Water Services Development Plan.

Furthermore, the Municipality adopted a Water Master Plan, which identifies gaps and interventions and is revised on an annual basis.

The Municipality provides water within a 200 m radius of the homes of all residents within the urban edge of the Metro, in terms of which standpipes are installed in the informal settlements. However, the provision of water to peri-urban areas (smallholdings) still poses a problem due to the lack of bulk water infrastructure in these areas. Another complicating factor that has hampered the general development of peri-urban areas is the shortage of land, as most peri-urban land is privately owned.

With regard to water quality, the Municipality complies with national standards (SANS 241) for the provision of quality water to consumers.

In the provision of new services, the provision of bulk water was aligned with the Housing Programme to ensure bulk water provision to the areas under development.

Bulk supply pipelines and distribution reticulation support the water delivery service. Maintenance staff is in place to minimise water disruptions and to ensure that, in the case of major disruptions, the water supply is re-established within 24 hours and, in the case of minor disruptions, within 12 hours.

(b) Levels of water supply service

Two levels of water service standards are provided within Nelson Mandela Bay:

- Individual water connections, at full pressure.
- Communal standpipes to RDP standards (minimum 200 m walking distance).

(c) Annual water supply performance

The annual performance in respect of water supply is reflected under Key Performance Element (KPE) 2.4 on page 36.

In addition to the progress reflected in KPE 2.4, all indigent households, clinics and schools in Nelson Mandela Bay have access to basic potable water.

(d) Water services challenges

- Severe drought currently experienced in Nelson Mandela Bay, resulting in it being declared a disaster area by the Office of the Premier and severe water restrictions being imposed on residents.
- Lack of funding for drought relief (R1,6 billion).
- Lack of funding for Coega bulk water infrastructure (R4,5 billion).

- Unaccounted for water.
- High water leakages in schools.
- Shortage of technical skills.

In the year ahead (2010/11), the Municipality will prioritise the following:

- Pursuing the application made for drought relief to the value of R1,6 billion to COGTA and National Treasury.
- Pursuing the application made for funding for Coega bulk water infrastructure to the value of R4,5 billion.
- Development and implementation of strategies to address high water leakages and unaccounted for water.
- Comprehensive educational and awareness programmes to alert the public to the urgent need to conserve water and obey the water restrictions.
- Pursuing an agreement for the repair of water leakages and ablution facilities at schools with the Departments of Public Works and Education.

SANITATION SERVICE

(a) Sanitation services supply strategy

The Municipality has a mandate to provide basic sanitation services within its area of jurisdiction. This includes the provision of bulk sanitation supply and reticulation, in respect of which key functions are as follows:

- Planning and research for sustainable provisioning of basic sanitation.
- Upgrading of sanitation infrastructure.
- Maintenance of wastewater conveyance and wastewater treatment infrastructure (pipelines, rising mains, pump stations and waste water treatment works).
- Integrated delivery of sanitation infrastructure to support integrated human settlement and economic development.

The Municipality will achieve its mandate regarding the provision of sanitation services through the long-term (up to 2020) Water Services Development Plan.

The Municipality's Sanitation Master Plan identifies gaps and interventions and is revised on an annual basis.

(b) Levels of sanitation services

The Metro provides waterborne sanitation to formal households. The challenge is in informal settlements where currently 22 500 buckets are still in use as a means of sanitation.

(c) Annual performance

For the annual performance in respect of sanitation services, please refer to Key Performance Element (KPE) 2.6 on page 38.

In addition to the progress reflected in KPE 2.6, all indigent households, clinics and schools in Nelson Mandela Bay have access to basic sanitation.

(d) Sanitation services challenges

- 22 500 buckets are still in use as a means of sanitation.
- Poor sanitation at schools caused by broken plumbing infrastructure.
- Shortage of technical skills.

In the year ahead (2010/11), the Municipality will prioritise the following:

- The elimination of the bucket system.
- Pursuing an agreement for the repair of water leakages and ablution facilities at schools with the Departments of Public Works and Education.

ELECTRICITY SERVICES

(a) Electricity services delivery strategy and main role-players

The Municipality provides the residents of Nelson Mandela Bay with electricity through the Eskom supply received at the Chatty Substation (132 kV) and distributed through a number of major substations (medium voltages of 22, 11 and 6,6 kV) to various distribution substations, where it is transformed down to low voltage (400/230 volts three/single phase).

The Municipality is licenced to sell electricity to customers in its designated area of supply.

In this regard, the Municipality has the following responsibilities:

- Planning, design and operation of its networks.
- Proper metering and recording of customers.
- Maintenance of an acceptable standard of electricity supply to all customers.

(b) Levels and standards of Electricity Services

The Municipality is tasked with the provision of a safe and reliable electricity supply to all customers in accordance with its legislated mandate and the relevant national standards and, as such, there is no high or low standard of supply. Both the underground and the overhead powerline supplies comply with the relevant standards and are employed in urban areas. The rural areas are reticulated with bare conductor medium voltage overhead powerlines and insulated service connections. High voltage distribution is mainly carried out via bare conductor overhead powerlines.

(c) Annual performance as per key performance indicators in electricity services

The annual performance in respect of electricity services is reflected under Key Performance Element (KPE) 2.9 on page 41.

(d) Electricity services challenges:

- ESKOM's limited generation capacity and recent price hikes.
- Theft of electricity (tampering) and cables, and vandalism.
- Insufficient/inadequate electricity generation capacity to attract investors (Coega).
- Residents living in undemarcated areas.
- Shortage of technical skills.

In the year ahead (2010/11), the Municipality will prioritise the following:

- Pursuing alternative sources of energy, particularly solar heating.
- Conservation of energy through the implementation of energy efficient measures.
- Educational programmes on the correct usage, efficient management and conservation of energy.
- Roll-out of Integrated Energy Plan for the Metro.
- Continued roll-out of the Go Green campaign.

ROAD MAINTENANCE

(a) Road maintenance services delivery strategy and main role-players

The road network within Nelson Mandela Bay falls under the jurisdiction of the following authorities:

- The South African National Roads Agency Limited (SANRAL), which is responsible for National Route 2, which traverses the metropolitan area.
- The Eastern Cape Department of Roads and Transport, which is responsible for provincial trunk, main and district roads within the metropolitan area.
- The Nelson Mandela Bay Municipality (NMBM), which is responsible for all municipal roads. The NMBM also acts as the agent for the Eastern Cape Department of Roads and Transport for certain main roads within the metropolitan area. These provincial roads and other key roads that serve mainly a mobility function are termed Roads of Metropolitan Significance (ROMS). Funding for the maintenance of the ROMS is shared between the Eastern Cape Department of Roads and Transport (responsible for 60% of the costs) and the NMBM (responsible for 40% of the costs).

TABLE 1 : Road network in Nelson Mandela Bay

Road Authority	Length (km)
SANRAL	141
Eastern Cape Department of Roads and Transport	738
NMBM (including ROMs)	3335
Total	**4214**

The total road network within Nelson Mandela Bay and under the jurisdiction of the NMBM comprises approximately 3 335 km, of which approximately 2 764 km (83%) are surfaced black-top roads.

(b) Levels and standards in road maintenance services

The various levels and standards of the road network under the jurisdiction of the Municipality are reflected in the table below.

TABLE 2 : Road network under the jurisdiction of the NMBM

Road Type	Length (km)
Tar	2764
Concrete	115
Block paving	4
Gravel	452
Total	**3335**

The Municipality operates a Road Management System (RMS) that ensures the proper management of its road infrastructure, in order to:

- Optimise the use of road infrastructure.
- Reduce the need for road reconstruction.
- Determine Capital and Maintenance Budget requirements.
- Implement cost savings on road maintenance.
- Improve riding quality.
- Improve road safety (skid resistance, better drainage, etc.).
- Create a positive image for investment and tourism.

(c) Annual performance as per key performance indicators in road maintenance services

The annual performance information in respect of road maintenance services is reflected under Key Performance Element (KPE) 2.7 on page 39.

Other additional performance information is provided in the table below:

	Indicator name	Total number of households/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the financial year under review (actual numbers)	Number of households/ customers reached during the financial year	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	0	0	As and when requested	0	N/A
2	Percentage of road infrastructure requiring upgrade (gravel roads to a surfaced standard)	±56 000 households	452 km	90 km (±11 000 households)	32 km (±4 000 households)	35%

	Indicator name	Total number of households/ customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the financial year under review (actual numbers)	Number of households/ customers reached during the financial year	Percentage of achievement during the year
3	Percentage of planned new road infrastructure actually constructed	All households	180 km	20 km	5km (All households)	25%
4	Percentage of Capital Budget reserved for road upgrading and maintenance effectively used.	All Households	±R2,8 billion	R423 m	R321 m	75%

(d) Tarring of roads

Backlog

The tarring backlog is approximately 452 km. It is anticipated that an amount of 1,7 billion will be required for the elimination of this backlog. For the 2010/11 financial year, R231 million has been allocated for the tarring of roads.

Progress with regard to the tarring of gravel roads is indicated in the table below:

No.	Contract No.	Project ID	Ward Allocation	Description	Street Name	Status
1	C186/02 ,C186/20,C186/14 &C186/15	20050286	14→22,24	Tarring of gravel roads Clusters D	Dora,Dubula,Gqamlana,Madala,Gratten,Jabavu,Mjo,Mnyazi Circle,Area 1-17,Road DWF,Ross,Luvuyo,Vukani,Vumani,NdzondeleloEnqileni,Mzilikazi, Siqongwana,Road ACD,ACC,ACD,ACE,ABI,AJI,AKI,ALI,API,Jacaranda,Cowan,Jam Alley,Buffalo,BNU,Fungi,Bree,Lullia 1&2,Fritcharts,BNS1&2,AYV 1-4,AYU 1-6,ABI,Marawana,Tom,BOC,BOA1-2,Medusi,BOD,AWQ1-2,AXB1-4,APY,APX,APW,APV,APT,APS,APO,APN,APM,APL,APJ,APH,APG,APK,APF,APE,APD,APC,APB,APAATZ,ATR,ATY,ATX,ATW,ATV,ATS,ATQ,ARK,ARJ,ARC,ARF,ARG,AQM,ARL,ARH,AQN,ARQ ,AOF,AOE,AOJ,AOK,AOL,ARA,ARD,AQO,AQR,AQS,AQT,AQU,AQV,AQP,AQF,Mkabalaza,APE,Lane1-3,AOT,AOU,AOR,Jokweni,Mjamba1-2,AOG,AOF,AOE,AOB,ANQ,ANR,ANT,AOC,AOD,ANZ,ANY,ANX, ANW,AOC2	Construction in progress
2	C186/03A	20050286	30,26,28,29,27	Tarring of gravel roads Clusters E	Kula 1-2,Kulati,Mahlasela,Makhuphula1-2,Manana,Notoza,Mtati,Ngwatyu1-2,Ngxiki,Vinqi,Mle,W26/US2,W26/US3,Masiza,Arch1-2,AUTSHAMOT 1- 7,Calata 1-2,Elumphumiweni 1-6,Herry 1-5,Lilian 1-11,Luwela 1-3,Malibale1-5, Matale,Mayibuye 1-	Construction in progress

No.	Contract No.	Project ID	Ward Allocation	Description	Street Name	Status
3	C186/03B	20050286	30,26,28,29,27	Tarring of gravel roads Clusters E	7,Ndebele1-5,Pinapina 1-8, Rambata 1-4, Rebllton 1-5,BZL,Sibite 1-5, Sheya 1-13,Sodolopho 1-4, Soga 1-2,Umbaba 1-2, Viva, Johson ,W27/US2, W27/US3, W27/US4,W27/US9/W27/US10, W27/11,1-2, Fumba 1-3,General walkup 1-3,Gili 1-3,Gqomose 1-5,Khoza,Mbekweni,DAC 1-2, DAD1-2, DPE 1-3, DPI, DPK,DPL 1-3,DPO,DQG,Shety 1-2,Khama 1-4,Khonza 1-5,Livingston drive 1-2 , Pepeta,Rubusana, Umata, Klienskoll/Redhouse aterial,Unknown,Pumlani 1-2, BZV 1-2 ,BZW 1-2,BZX 1-2, BZZ 1-2, DAA 1-2,Shukushukuma 1-7	
18	C186/18	20050286	30,26,28,29,27	Tarring of gravel roads Clusters E		
11	C186/11	20050286	30,26,28,29,27	Tarring of gravel roads Clusters E		
18	C186/18	20050286	30,26,28,29,27	Tarring of gravel roads Clusters E		

No.	Contract No.	Project ID	Ward Allocation	Description	Street Name	Status
4	C186/04	20050286	33,36,37	Tarring of gravel roads Clusters F	Mkonto A,Mxenge,Ngoyi,Stweti,Olwethu,Dolo,Khayingo,Mabida,Marks,Mpentshe,Dolo A-D,Marks A-D,Mpentse A-E,Andile,Gobile,Kabende,Phandle,MzwandileA-D,Pangalala,Siya,Melumzi,Mgxasheka,Dano, Lamani,Mbethe,Mtimkulu,ShopeA,Wellington ,Govan Mbeki A-C,Mxenge,Mkonto A-B,Slovo,Tembeka-Thembisa,Melumuzi,Nohila,No Amen,Ngodono,Nozuko,Ncedisa,Zamdela/Ziduli/Zanazo/Zamukuhle,Mtongana A,B&D,Stofile,Tabalaza A-B,Xundu,Winnie	Construction in progress
16	C186/16	20050286	33,36,37	Tarring of gravel roads Clusters F		
7	C186/07	20050286	23,54→59	Tarring of gravel roads Clusters C	Makragato,Hamani,Menja 1-2,Ngqika,ABQ,ABR,ABS,ABT,ABU,ABW,ABX,ABY,ABZ,ACA,ACB,ACC,ACX,ACY,AEE,AEJ,AEK,AEL,AEM,AEO,AEP,AEQ,AER,AES,AEU,AEY,Road C, Dyakalashe,Mcikwane,Ncuka,Myamakazi,AA,AB,AC,AD,AW,BW, HB,HC,HD,HE,HF,HG,HH,HJ,HK,HL,HS,HW,HX,HY,HZ,JA,JB,JC, JD,JE,JL,JM1-2,JN,JO1-2,JP1-2,JR,JS,JT,JX,JZ,KA,KB,M,Q,U,Y,Silwanyana,Takane,Whula,Bambalaza,Khuna,Heshu,Machel,Makhotyana,Maphikela,Mokgatho,Motswaledi,Molekwane,Zama,Mantyontya,Myathaza 1-2,QC,QD,QE,QG,QK,QL,QM,QN,QO,QB,QQ,QR,QS,QT,QU,QV, QW,QX,QY,SB,Sontonga, Tyamzash,UL,Ug,Uj,UK,UL,UP,UQ,US,UU,UW,VG,VR,VS,VT,WB	Construction in progress
8	C186/08	20050286	23,54→59	Tarring of gravel roads Clusters C		

No.	Contract No.	Project ID	Ward Allocation	Description	Street Name	Status
9	C186/09	20050286	23,54→59	Tarring of gravel roads Clusters C	,WD,WE,WJ,WK,WV,XC,XQ,XS,XV,YO,YP,YQ,YT,Mlonji,AHD,AHH,ALT,ALZ,AMS,AMD,AME,AMJ,AMN,AMP,AMR,AMW,SF,SJ,SH1-2,XH,XJ,XL,YH,YL,ZC,ZE,SH,ST,SU,TA,TD,TT,TV,TZ,UB,UC,UE,VX,WC,WL,WM,WO,WS,XD,YX,YY	
10	C186/10	20050286	44→47,50→51	Tarring of gravel roads Clusters H	Alex,Alex extension,Cacadu,Cetu,Hlobo,Ketshe,Kanyisa,Mtwaku,Freematle,Jayiya,Nqombela,Zk Mathews,Molly black burn,Madikizela,Mabida,Ndwelanda,Ndlazi,Ntsasa,Nqilo,Tutula,mhlana,Dikiza,Gonztshi,Langeni,Mkize,Moshoeshoe,Nankani,Nala,Ntungwana,Qabaka,Dlamini,Fingwana,Jonas,Kondlo,Madaki,Mahanitapayi,Mamvukweni,Stephen,	Construction in progress
13	C186/13	20050286	4,12,13,31,32,38,8,39,41	Tarring of gravel roads Clusters G	Charlene,Cherbourg,Chalons,Lacroix,Sedan,Truro,Worthingi,Almond,Bamboo,Brittlewwoot,Cameltorn,Carob,Coffee,Fiji,Hazelnut,Holly,Kamassie,Cok,Corkie,Lemon,Morocco,Swiden	Construction in progress
5	C186/05	20050286	4,12,13,31,32,38,8,39,41	Tarring of gravel roads Clusters G		
19	C186/19	20050286	4,12,13,31,32,38,8,39,41	Tarring of gravel roads Clusters G		
17	C186/17	20050286	1,40	Tarring of gravel roads Clusters B	Nzotoyi,DRA-Mission,DRA/DRC,DYH/DRB,DRF,DPR,DRA,DYX,DRK,DYW,DRG/A,DRQ,DRR,DYD,DRG/B,DTD,DYJA,DYY,DZA,DYZ,DYV,DYU,DYT/DYS,DYK,DYO/DYL,DYM,DYN,DYP,DYR,DYQ,DYI,DYG,DYF,DYA,DRD,DRE,DRL,DRM,DRS,DRU,DRT,DRJ,DYJB,DTA,DTB,DTC,DRH,Olive lane,Reginald,Rebeeck	Construction in progress

No.	Contract No.	Project ID	Ward Allocation	Description	Street Name	Status
6	C186/06	20050286	52,53,60	Tarring of gravel roads Clusters A	Maraboe 1-2,Mosi 1-2, Mossia 1-2,Tortelduif 1-3,Uil ,Vink 1-3,Anovuyo 1-2,Ematyeni 1-3,Flenagan,India 1-2,July 1-2,Mafana 1-6,Mgiwu,Mzayiya,Sokabo,William 1-2	Construction in progress
21	C186/21	20050286	52,53,60	Tarring of gravel roads Clusters A		
22	C186/22	20050286	52,53,60	Tarring of gravel roads Clusters A		

2010 World Cup Projects

(a) Projects Progress

The table below provides information on the progress made with infrastructure projects in preparation for the 2010 FIFA World Cup:

No	Project	Start Date	End Date	Progress
1	Forest Hill Drive	Nov-08	29 May 09	100%
2	Kempston Road: Haupt – N2 (BRT)	Oct-08	01 Mar 10	100%
3	Govan Mbeki : Hartman to Kempston Road (BRT)	Oct-09	31 Mar 10	100%
4	Fettes Road – Theale Street (BRT)	Oct-08	30 Mar 10	100%
5	Newbolt Street	Nov-08	05 Feb 10	100%
6	Extension of Neil Boss and Milner Street including sidewalks	Nov-08	18 Apr 10	100%
7	Kempston Road : Haupt Street to Diaz Road (BRT)	Dec-08	10 Dec 10	70%
8	Govan Mbeki Avenue : Hartman Street to Russell Road (MI)	Jul-09	30 Apr 10	100%
9	Harrower Road : Kipling – Jackson Street (BRT)	Aug-09	10 Jun 10	100%
10	Construction of sidewalks along Prince Alfred and Milner Roads	Jul-09	18 Jun 10	100%
11	Heugh Road : 1st to 3rd Avenues, Walmer	Aug-09	02 Jul 10	100%

(b) Challenges

- Aging and poor road infrastructure in disadvantaged areas.
- Cost of the elimination of tarring backlog.
- Challenges around the implementation of the Integrated Public Transport System.
- Limited funding received for the maintenance of ROMS from the Eastern Cape Provincial Government.
- Limited funding to address service delivery and maintenance backlogs.
- Shortage of technical skills.

In the year ahead (2010/11), the Municipality will prioritise the following:

- Sourcing of additional funding to eliminate backlogs.
- Roll-out of the Integrated Public Transport System.
- Tarring of gravel roads in disadvantaged areas.
- Provision of stormwater drainage.

PROVISION OF PRIMARY HEALTH SERVICES

The Municipality provides primary health services to residents through 42 municipal clinics, in addition to the eleven clinics run by the Eastern Cape Department of Health. As access to health care is often problematic, the Municipality runs mobile clinics in twelve wards in Nelson Mandela Bay. The nurse-to-patient ratio in municipal clinics is 1:40. In 2009/10 financial year, two clinics were constructed, while four were upgraded. There are currently 17 ART sites in Nelson Mandela Bay, providing treatment to over 20 004 patients.

The Municipality provides an integrated employee health safety and wellness programme and ongoing medical surveillance of employees. The Municipality also runs annual employee wellness programmes, during which employees are provided with medical and health advice and testing.

As was reflected in recent statistics, the Eastern Cape is experiencing a high incidence of HIV and AIDS and TB. The Municipality is implementing its Integrated HIV and AIDS Plan and is also implementing, with other spheres of government, a TB Crisis Plan. The current new smear positive TB cure rate is 73%; the new smear positive TB defaulter rate is 12%; and the new smear positive TB conversion rate is 72%. Altogether, 100% of TB clients are on DOTS.

The key health challenges facing the institution are:

- Non-delegation of primary health care to the Municipality.
- Late and inadequate receipt of provincial subsidies from Eastern Cape Department of Health.
- The high prevalence of TB, HIV and AIDS.
- Poor state of government hospitals.
- Adherence to norms and standards with regard to access to clinics.

In the year ahead (2010/11), the Municipality will prioritise:

- Pursuing the delegation of the primary health care function to the Municipality.
- Engaging provincial government with regard to funding.
- Undertaking an audit of overcrowded, understaffed and poorly serviced clinics as well as areas without clinics.
- Developing and implementing a comprehensive primary health care response plan.
- Continued implementation of the integrated HIV and AIDS Plan, inclusive of the TB Crisis Plan for Nelson Mandela Bay.

WASTE MANAGEMENT

(a) Waste management services delivery strategy and main role-players

Waste Management Services in Nelson Mandela Bay are provided by the Municipality (household and commercial waste streams) as well as private enterprises (industrial and hazardous waste streams).

While the Municipality operates landfill sites, focusing on general and low hazard waste, private enterprise deals with hazardous waste. Approximately 500 000 tons of waste is disposed of annually.

The provision of waste management services is guided by the Municipality's Integrated Waste Management Plan.

The Municipality also renders a refuse collection service, supported by co-operatives. It also provides a cleansing service, supported by a Ward-Based Cleaning Programme (operational in 24 wards) and approximately 1 000 volunteers.

The table below reflects waste management co-operatives:

COOPERATIVE	AREA SERVICED	NO OF HOUSEHOLDS SERVICED	ORIGINAL PERMANENT COOPERATIVE JOBS AS PER CONTRACT	ADDITIONAL TEMPORARY EMPLOYMENT CREATED BY COOPERATIVE	NEW PERMANENT JOBS CREATED BY COOPERATIVE					PERMANENT JOBS VARIATION AS PER CONTRACT
					Current No.	Gender		Youth <35		
						Male	Female	Male	Female	
Cocisizwe Co-operative	Soweto-on-sea	5,059	62	0	44	3	41	1	1	-18
Sodlasonke Co-operative	Gqebera (Walmer)	7,329	13	25	27	12	15	3	5	-14
Eyabafazi Co-operative	Matthew Goniwe Hostel	1,761	20	11	21	4	17	4	0	-1
Kuphilwa-Phi Co-operative	Joe Slovo	4,492	59	0	45	7	25	1	12	14
Ncedolwethu Co-operative	Seaview, Beachview, Kini Bay Blue Horizon Bay	993 213	11	3	7	3	4	2	2	4
MK	Missionvale	6,003	19	39	17	7	10	3	0	2
Ntingantakandini	Shukushukuma	3,955	37	2	23	2	21	1	4	14
Masiphuhle	Kuyga	2,180	18	4	18	6	12	4	9	0
Colchester Co-operative	Colchester	802	13	0	9	6	3	0	0	4
TOTAL 10		**32,805**	**252**	**84**	**211**					

The following table reflects the value of waste management tenders awarded to the relevant co-operatives:

COOPERATIVE	VALUE OF CONTRACT
Cocisizwe Co-operative	R 4,112,003.61
Sodlasonke Co-operative	R 5,562,711.00
Eyabafazi Co-operative	R 1,997,181.45
Kuphilwa-Phi Co-operative	R 3,631,782.00
Ncedolwethu Co-op - Seaview	R 228,442.50
Gqebera Ward 4	R 1,040,415.75
MK	R 3,688,243.20
Ntingantakandini	R 2,360,344.00
Masiphuhle	R 1,302,419.20
Colchester Co-operative	R 838,860.00
TOTAL 10	**R 24,762,402.71**

The table below reflects the areas and 24 wards benefiting from the ward-based cleaning programme:

Northern Areas	Wards 12, 13, 37 and 38
Ibhayi	Wards 15, 16, 22, 28 and 30
Uitenhage	Wards 44, 46, 48, 49, 50 and portion of 53
Motherwell	Wards 23, 53, 54, 55, 56, 57, 58, 59 and 60

The Ward-based Cleaning Programme is based on a three-month rotational system. The table below provides details of the rotational system as well as the beneficiaries.

WASTE MANAGEMENT DEPOT	FREQUENCY OF ROTATION	BENEFICIARIES											
		JULY to SEPTEMBER 2009			OCTOBER to DECEMBER 2009			JANUARY to MARCH 2010			APRIL to JUNE 2010		
		GENDER SPLIT		TOTAL	GENDER SPLIT		TOTAL	GENDER SPLIT		TOTAL	GENDER SPLIT		TOTAL
		MALE	FEMALE		MALE	FEMALE		MALE	FEMALE		MALE	FEMALE	
Struanway Road Depot	Quarterly	10	84	94	22	71	93	15	84	99	21	78	99
Gail Road Depot	Quarterly	4	85	89	6	87	93	4	86	90	8	83	91
Addo Road Depot	Quarterly	20	203	223	29	207	236	29	203	232	43	196	239
Cuyler Street Depot	Quarterly	23	102	125	21	93	114	20	103	123	10	103	113
		57	474	531	78	458	536	68	476	544	82	460	542

(b) Levels and standards in waste management services

- Domestic waste collection:
  - Weekly kerbside black bag collection service in medium to high income areas (formal areas).
  - Weekly black bag communal collection service in informal areas.
  - Ten bags issued to households every two months.
- Trade waste collection:
  - Contractual service to business.
    - Cubic metre bins.
    - Frequency dependent on client.
- Cleansing services:
  - Removal of illegal dumping on municipal owned land.
  - Removal of dead carcasses (dogs, cats) within this residential area.
  - Manual and mechanical road / street sweeping.
  - Beach cleaning services.
  - Cleaning of ablution facilities.
- Transfer stations:
  - Formal and informal transfer stations.
    - 16 formal transfer/garden waste sites and 53 informal sites.
    - Used for excess and bulky waste.
    - Proper signage: types of waste acceptable.
    - To be converted into drop-off/recycling centres, e.g. Blue Horizon Bay Centre.
    - Low-income areas: One centre for every 3 000 households in a proximity of 500 m.
- Waste disposal:
  - Two general waste disposal sites (General Large B-).
  - +-647155 tons of waste disposed.
    - Koedoeskloof = 224 325 tons.
    - Arlington = 422 930 tons.

(c) Annual performance as per key performance indicators in waste management services

The annual performance information with regard to waste management services is reflected under Key Performance Element (KPE) 2.12 on page 51.

(d) Waste management challenge:

- Illegal dumping of builders' rubble and domestic refuse.

In the year ahead (2010/11), the Municipality will prioritise the following:

- Development and implementation of an integrated strategy to eliminate illegal dumping.
- Introduction of waste recycling initiatives.
- Implementation of waste management educational programmes.

OCCUPATIONAL HEALTH, SAFETY AND WELLNESS

The Municipality has a legal, social and strategic responsibility to protect, preserve and invest in employees' safety and health. In this regard, the Municipality provides:

(a) An integrated employee health, safety and wellness programme.
(b) Ongoing hazard identification.
(c) Risk assessment and management.
(d) The ongoing medical surveillance of employees, and serving Councillors.

PARKS AND CEMETERIES

The Municipality is committed to the development and maintenance of public open spaces and cemeteries in a sustainable, aesthetic, eco-friendly safe environment to enhance the marketability of Nelson Mandela Bay and improve the quality of life for all. In this regard, key functions include:

(a) Planning and development of zoned Public Open Spaces including street islands.
(b) Maintenance of parks, flowerbeds, developed public open spaces and playground equipment.
(c) Tree planting and subsequent maintenance (excluding watering) on street verges and developed Public Open Spaces.
(d) Provision of playground equipment.
(e) Provision of cemetery services.
(f) Provision of new burial space, cemetery burial services and record keeping.
(g) Beautification.
(h) Upgrading / Maintenance.
(i) Provision of advice to the public regarding plant diseases and identification, where possible.

ENVIRONMENTAL MANAGEMENT

The Municipality is responsible for protecting, maintaining and ensuring the sustainable utilisation of Nelson Mandela Bay's globally important biodiversity and environmental assets and for giving guidance with respect to environmental compliance and sustainability. This includes, *inter alia,* the maintenance of the following:

(a) Integrated Environmental Plan, which is a Sector Plan of the IDP.
(b) The development of climate change response strategies.

(c) The conservation of nature reserves and natural systems of Nelson Mandela Bay.

(d) Assisting in conducting an environmental audit for Nelson Mandela Bay.

The Municipality has a draft Biodiversity Sector Plan in place that provides a map of biodiversity priorities and accompanying guidelines to inform land use planning, environmental assessments and natural resource management. The Biodiversity Sector Plan is a spatial plan that shows terrestrial and aquatic features that are critical for conserving biodiversity and maintaining eco-system functioning. These areas are referred to as critical biodiversity areas.

INTEGRATED SUSTAINABLE HUMAN SETTLEMENTS

The Municipality has a backlog of 84 266 housing units, comprising 35 257 informal households and 49 009 backyard shacks.

The Housing Turnaround Strategy of the Nelson Mandela Bay Municipality provides for the implementation of seven programmes to accelerate housing delivery, i.e.:

- Blocked projects
- SCCCA projects
- Running projects
- Future projects
- 7 Year Housing Delivery Plan, including the upgrading of informal settlements
- Rectification of old houses
- A Social Housing Programme

The following are the main components of the housing delivery cycle:

- Project identification.
- Project funding applications and agreements with the Province.
- Processing and signing of letters of awards.

- On-site progress certification.
- Beneficiary management and transfer of properties.
- Procurement of contractors.
- Final submissions of claims to Province.
- Applications for enrolment with NHBRC.

An area that the Municipality is currently strengthening is project supervision and management. As some emerging contractors failed it in the past, the Municipality is now making use of experienced contractors, especially for major projects. In the review period, altogether 7 616 housing opportunities, 6 335 serviced sites and 3 748 pegged rudimentary serviced sites were provided.

The finalisation of the review and cleansing of the housing waiting list (now called the Housing Demand Data Base) has been delayed by the Housing Allocation Policy Programme promulgated by the National Department of Human Settlements in the beginning of this year. In terms of this Policy, Municipal Managers are required to set up a Municipal Allocations Committee charged with the responsibility to develop and implement a Municipal Allocations Policy in line with the National Framework.

The Municipality has a relocation plan in place, which is an integral part of the Upgrading of Informal Settlements Programme. In terms of the relocation plan, communities living in stressed areas such as flood plain areas and tip sites, are relocated to destination areas such as Motherwell NU29 (580 sites) and NU30, Wells Estate (644 sites), Chatty (2 648 sites) and Joe Slovo West (1000 sites). Altogether approximately 14 000 households need to be relocated.

As stated, the Municipality is prioritising social housing and gap housing. The National Social Housing Bill requires that local authorities identify and approve restructuring zones in which Social Housing Grants will be awarded to accredited Social Housing Institutions. In this regard, six restructuring zones (inner city, Walmer, Mount Road, Despatch, Uitenhage and William Moffett Expressway) were identified by the Municipality and approved by the Provincial Department of Housing. Seven more areas have been identified

and are awaiting approval. The Municipality is working together with two social housing partners, namely Amalinda and Own Haven.

With regard to gap housing, which targets persons with a monthly income of between R3 500 and R 15 000, land parcels were identified in areas such as Motherwell NU 29-31, Hunters Retreat, Parsons Vlei and Bluewater Bay and proposal calls are being prepared. The intention is to develop these projects in terms of Public-Private Partnerships and as mixed-income inclusionary housing projects. The first such project to be developed is the Walmer Golf Estate project. An application for funding was also submitted to Province by the Partner Imizi Housing Association.

The following challenges regarding the development of sustainable human settlements have been identified:

- Insufficient housing delivery funding.
- Non-gazetting or late gazetting of housing funding to fit into the Municipality's three-year budget cycle.
- Building sustainable human settlements closer to economic opportunities.
- Project management capacity in terms of core technical skills and numbers.
- Service delivery protests associated with housing only, instead of as a broader social and economic challenge.
- Delays in EIA approvals.
- Illegal occupation of houses and corruption.
- Lack of capacity among emerging contractors.

In the year ahead (2010/11), the Municipality will prioritise the following:

- Implementation of social housing.
- Pursuing Levels 2 and 3 accreditation.
- Relocation of families who are in immediate danger and communities living in environmentally stressed areas.
- Development of a Law Enforcement Anti-Land Invasion Plan.
- Implementation of the Integrated Development Planning Matrix.

- Rectification of wet and defective houses.
- Identification of effective financing options for historically disadvantaged individuals to acquire land.

(a) Levels and standards in housing delivery

The Metro provides a standard 40 m² Metro house, which was improved in the previous review period. All projects are enrolled with the NHBRC to ensure the protection of consumers. Final unit reports are issued on the completion of each house, incorporating the 'Happy Letters' signed by beneficiaries. Medium-density housing typologies have been developed and are being tested in the Zosa Street and Motherwell projects.

TOWN PLANNING

The Municipality's town planning activities comprise the following:

- Strategic planning services.
- Managing special projects.
- Processing of town planning applications from the private sector.
- Rezoning/Subdivision/Land preparation for municipal service delivery projects.
- Preparation of plans/Subdivisions for development of low-income housing.
- Preparation of plans/Subdivision for developments other than low-income housing.
- Development of land.
- Investigation and disposal of municipal land.
- General advice on planning and property development matters.
- Maintenance of data bases on development and relevant statistics.
- Building plan processing in terms of the National Building Regulations.
- Facilitation of Social Housing.

(a) Levels and standards in town planning

The turnaround time for building plans is seven (7) working days after submission. Thereafter, the applicant is informed either that the plan has been approved, or that it has some deficiencies that need to be rectified.

Building plans go through a rigorous technical assessment process. This includes the verification of technical compliance for, *inter alia,* the following:

- Town planning regulations, such as zoning, building lines, height and floor space index (FSI).
- Electricity regulations and standards.
- Drainage regulations.
- Site stormwater.
- Transportation aspects, such as site access.
- Compliance with fire regulation.
- Health aspects such as ventilation / building materials.
- Structural engineering compliance, where necessary.

All this is to ensure that plans comply with municipal regulations. Thereafter, development on site is monitored by the Building Inspectorate to ensure compliance with the approved building plans.

Town planning applications that are of a non-complex nature and to which there have been no objections are generally approved within six months of the date of submission.

(b) Annual performance as per key performance indicators in housing and town planning services

The progress made in achieving key performance indicators in respect of housing and town planning services is reflected in KPE 2.1 – 2.3 on page 30.

Additional town planning performance information is reflected below.

Types of land planning applications and statistics	
	2009/10
Land matters:	
Sub-division and land transactions (SALTs)	395
Spatial planning applications:	
Special consents	315
Town planning amendments	162
Site development plans	120
Town planning departures	42
Removal of restrictions	60
Unauthorised uses	600
Total	**1694**

(c) Town planning challenges

- Delays in processing of land applications
- Planning to enhance sustainable human settlements closer to work opportunities.

To fast-track land applications, a political Oversight Committee was established as well as a Multi-disciplinary Task Team comprising representatives from municipal directorates, which meets every three weeks. This also enhances co-ordination and integration.

SPATIAL PLANNING

(a) Preparation and approval process of spatial development frameworks

Metropolitan Spatial Development Framework (MSDF)

To ensure sustainable growth and development in Nelson Mandela Bay, all strategic planning processes are aligned and fully integrated by the Metropolitan Spatial Development Framework (MSDF). The framework was

approved by Council in March 2009 and is continuously evolving and reviewed annually. Key to this is the City-wide Development Strategy, which will be completed in the 2009/10 financial year. This long-term Strategy will inform all integrated development planning that caters for the short- and medium-term development of the Metro. The MSDF spatially reflects the IDP.

The MSDF outlines the desired spatial development of the metropolitan area, as contemplated in Section 25(e) of the *Municipal Systems Act* (Act 32, 2000). It also highlights priority investment and development areas and therefore serves as a guide to decision-makers and investors. The MSDF is an integral component of the IDP and translates this Plan into its spatial implications to provide broad, overall development guidelines. The Municipality's MSDF is aligned with other development strategies nationally, provincially and regionally.

The Spatial Development Framework is based on three key focal points, namely sustainable community planning methodology; corridors and accessibility; and economic development and growth in achieving restructuring, integration and sustainability.

(i) Sustainable community planning methodology

The existing pattern of development in Nelson Mandela Bay is the result of past segregation-based planning, which has separated different racial groupings in geographical terms and has resulted in great disparities in standards of living, access to infrastructural services, employment and cultural and recreational facilities. These imbalances, which serve as constraints for redevelopment, are being addressed in the MSDF.

Sustainable Community Units (SCUs) have been introduced to achieve a more balanced structure in Nelson Mandela Bay, in order to reduce discrepancies in terms of service provision and standards; promote integration in socio-economic and functional terms; and provide for economic activities and employment opportunities.

SCUs are defined by the distance that an average person can comfortably walk in half an hour, i.e. a 2 km radius. In other words, amenities, facilities and job opportunities must be within walking distance of all residents. All SCUs in Nelson Mandela Bay are to be linked by a public transport network that will ensure that all areas are accessible to all communities by means of public transport, as is also required in terms of the Integrated Transport Plan (ITP).

In attempting to achieve both sustainability and integration, the following six functional elements have been identified as needing attention:

- Housing
- Work
- Services
- Transport
- Community
- Character and identity

In focusing on these six elements, minimum standards have been defined for addressing an acceptable planning quality, ensuring quality of life for residents in these areas.

(ii) Corridors and accessibility

In the restructuring of Nelson Mandela Bay, the development of corridors along major routes, which have the potential for integrated mixed land use development, supported by improved public transport services (e.g. the Khulani Corridor), is also envisaged. An Integrated Transport Plan has been developed as a key component of the MSDF to improve accessibility for all residents of Nelson Mandela Bay.

(iii) Economic development and growth

This crucial component of the Spatial Development Framework seeks to generate a means to support and enhance urban development. Various interventions may be utilised to support economic growth and development, based on a number of considerations, such as the importance of linking the

residents of Nelson Mandela Bay to opportunities; directing investments to places where they will have the greatest effect; protecting and enhancing natural and cultural resources for sustainability; and enriching the experience of Nelson Mandela Bay.

(iv) Implementation and prioritisation of MSDF

The MSDF provides strategic guidance regarding the areas on which the Municipality should focus the allocation of its resources. In order to assist in prioritising projects and allocating resources, four main elements of the MSDF were isolated as geographic entities, which provide guidance as to where the priority capital investment areas lie. These areas are:

- Core economic areas
- Infill priority areas
- Strategic development areas
- Service upgrading priority areas

The MSDF comprises a number of topic-specific planning documents, including the following:

- Strategic environmental assessment
- Urban edge/Rural management and urban densification policies
- Demographic study updates
- Land use management system

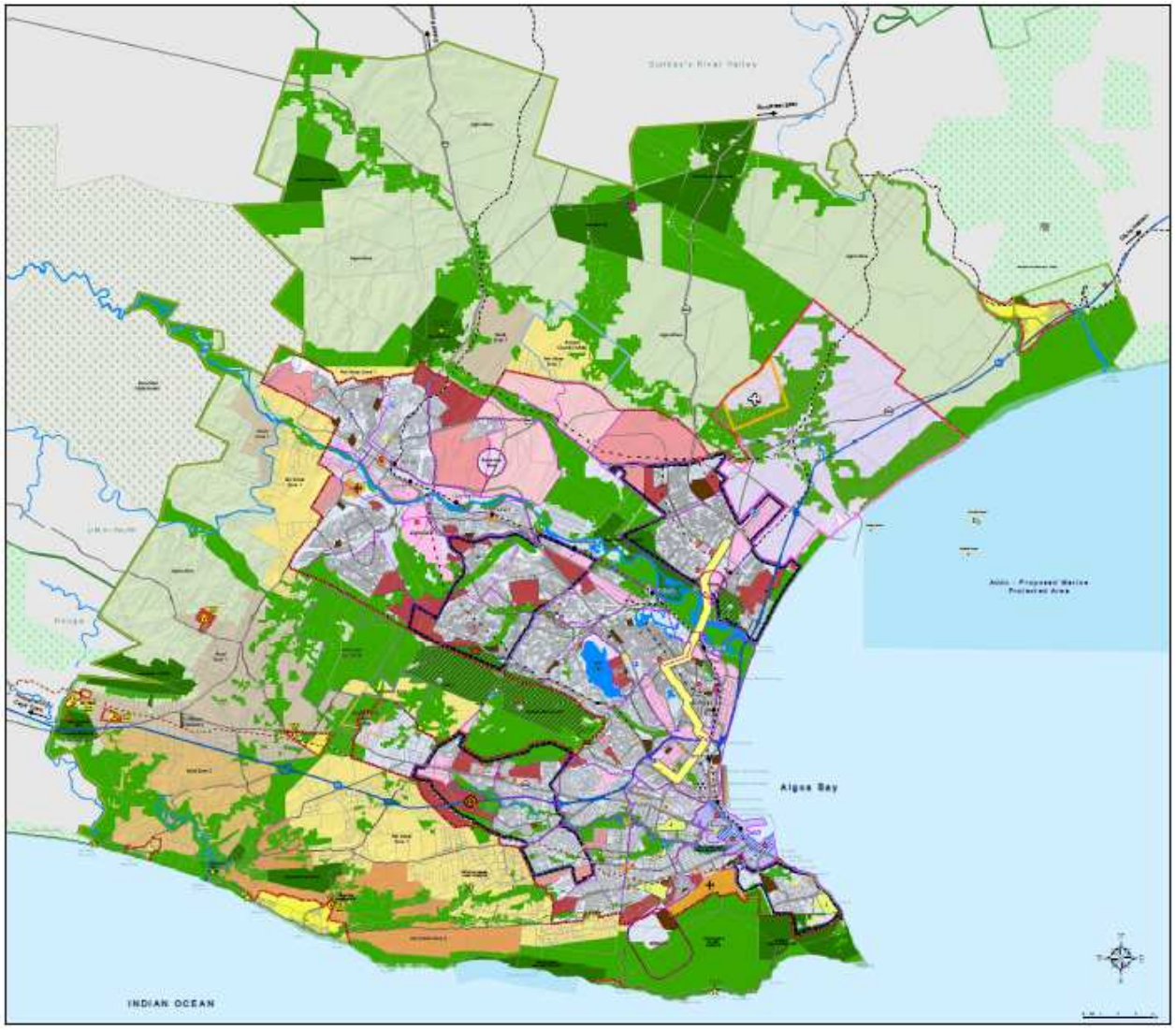
The MSDF encapsulates the following sector plans:

- Disaster Management Plan
- Integrated Waste Management Plan
- Strategic Environmental Assessment
- Metropolitan Open Space System
- Water Service Development Plan
- Integrated Transport Plan
- Housing Programme
- Economic Development Strategy

The Spatial Development Framework of the Municipality is reflected in the map below. The map specifically shows the following aspects, which are dealt with in more detail in the Spatial Development Framework Report:

- Urban growth areas phased over time
- Urban edge, beyond which development is limited
- Major development nodes
- Major transport routes, including corridors for investment and development
- Environmentally protected areas
- The Municipality's proposed low-income housing programme

MAP 1: Spatial Development Framework of Nelson Mandela Bay



Legend

- 2010 Soccer Stadium
- Abattoir
- Education
- Hospitals
- Proposed Nature Reserve
- Resorts
- Rural Villages
- Railway Station
- Strategic Intervention Projects

Business Areas
- Neighbourhood Node
- Regional Node
- Metropolitan Node
- N2 Development Node

- Urban Growth Boundary
- Rail
- Future Rail
- Rail Narrow Guage

Roads
- National Roads
- Major Arterial
- Minor Arterial
- Future Roads
- Khutani Corridor

- Airport
- Proposed Future Airport
- Groendal State Forest
- Addo National Park
- Cemeteries
- Coastal Villages
- Coega IDZ
- Eastern Cape Surrounds
- Golf Courses
- Hazardous Waste Area
- Industrial
- Main Rivers and Inland Water Areas
- Mandela Bay Development Agency (MBDA) Mandate Area
- Marine Protected Area
- Nature Reserves outside NMB boundary
- North End Beach Reclamation Project
- Restructuring Zones
- Sustainable Community Units
- UDZ Boundary
- Waste Landfill Buffer 800m (Approximate only)
- Wedgewood Golf Estate
- Hopewell Eco Estate
- Amanzi Country Estate
- Cadastre

Housing Development
- < 2010
- 2011 - 2019
- 2020 >

Critical Biodiversity Areas
- Protected Area 1
- Protected Area 2
- Critical Biodiversity Area (Includes Critical Ecological Support Areas 1 & 2 - refer SRK Conservation Assessment Plan for more detail)

Rural Policy Areas
- Agriculture
- Peri Urban Zone 1 (1,8ha minimum erf size)
- Peri Urban Zone 2 (5ha minimum erf size)
- Rural Zone 1 (10ha minimum erf size)
- Rural Zone 2 (20ha minimum erf size)

The MSDF has a secondary level of planning termed Local Spatial Development Frameworks (LSDFs), which cover the entire municipal area at a more detailed level of planning. The LSDFs identify local nodes for development, major transport routes, specific land uses, social housing opportunities and residential densities. The Lorraine LSDF and the 2010 Stadium Precinct LSDF in North End were respectively approved by Council in the review period.

(b) Land use management

To ensure the effective use of land, the Municipality received and processed the following land use applications during the period under review:

- Rezoning – Received: 162; Processed: 95
- Sub-division, township establishment, land matters – Received: 395; Processed: 50 (due land disposal moratorium)
- Consent use – Received: 315; Processed: 210
- Removal of restrictive conditions – Received: 60; Processed: 50

(c) Spatial planning services challenges

The challenges around spatial planning services are reflected in the sections on integrated human settlements and town planning above.

SAFETY AND SECURITY

The safety and security of all residents, the business community, tourists and property is a key focus area of this Municipality. In this regard, the Municipality focuses on crime prevention, disaster management, road and traffic safety, fire services, internal security services, as well as the establishment of a municipal Police Service.

To create a safe and secure environment in Nelson Mandela Bay, the full participation of all stakeholders, including our residents and the business community, is required in addressing the following challenges:

(a) Reducing crime.
(b) Reducing the risk of disasters.
(c) Reducing the risk of fire and other emergency-related risks.
(d) Reducing accidents and road fatalities.
(e) Maintaining acceptable levels of response to emergencies.
(f) By-law enforcement.
(g) Protection of municipal employees and assets

A number of programmes have been developed to address these challenges, which include:

- Crime Prevention Strategy
- Disaster Management Plan
- Fire, traffic and other emergencies

(a) Annual performance as per key performance indicators in safety and security services

The annual performance in respect of safety and security services is reflected under Key Performance Elements (KPE) 2.16 to 2.19 on page 57.

ASSISTANCE TO THE POOR SCHEME

The Council adopted an Assistance to the Poor Policy, which provides a framework for the provision of free basic services (75 kWh of free electricity per month and 8 kl of free water per month) to indigent households. This Policy was developed following comprehensive community meetings and workshops with Councillors and municipal officials. The Municipality keeps a register of all indigent households receiving assistance in terms of the Policy.

Altogether 100% of qualifying households, whether those who applied to the Municipality or those identified as complying with the qualification criteria, received these free basic services. The cost of the provision of the services is approximately R21.7 million per month. The table below reflects the extent of the provision of free basic services:

Number of households receiving free basic services (8 kl of water and 75 kWh electricity)	**Water**	**Electricity**
2008/09	109 534	108 067
2009/10	108,665	116,155

In the year ahead (2010/11), the Municipality will continue to focus on community awareness to ensure that all qualifying households do access free basic services. It is expected that the global economic meltdown will see an increase in the number of qualifying households, which will impact on the income of the Municipality.

REHABILITATION MAINTENANCE OF COUNCIL'S ASSETS

CAPITAL PROJECT	REVISED CAPITAL BUDGET 2009/10	EXPENDITURE 2009/10	BUDGET 2010/11
Roads, Stormwater and Fleet Management			
Rehabilitation of Minor Roads	32,443,060	18,633,521	24,500,000
Rehabilitation of Major Roads	28,278,210	11,065,738	23,050,000
Rehabilitation of Bridge Structures	57,221,380	50,749,186	17,778,930
Sanitation Services			
Reticulation Sewers - Rehabilitation and Refurbishment	46,852,450	39,761,128	8,000,000
Bulk Sewers - Rehabilitation and Refurbishment	4,714,730	2,927,964	7,000,000
Sewage Pump Stations - Rehabilitation and Refurbishment	445.560	412.463	4.125,000
Waste Water Treatment Works - Rehabilitation and Refurbishment	7,293,250	8,223,696	8,447,500
Water Services			
Dams - Rehabilitation and Refurbishment	135,000	136,366	0
Water Treatment Works - Rehabilitation and Refurbishment	7,885,000	7,729,834	14,800,000
Supply Pipe Lines - Rehabilitation and Refurbishment	10,594,200	10,649,982	5,500,000
Reservoirs - Rehabilitation and Refurbishment	22,415,000	11,567,195	10,350,000
Distribution Pipe Lines - Rehabilitation and Refurbishment	35,071,280	33,718,851	14,450,000
Electricity and Energy			
Electricity Network Refurbishment	13,907,680	10.802.251	14,600,000
Public Health			
Rehabilitation of Clinics and Buildings	6,356,530	5,169,235	3,900,000
Upgrading and Rehabilitation of Beaches	6,000,000	5,673,911	3,000,000
Corporate Services			
Rehabilitation of Halls and Buildings	33,168,320	24,138,129	26,991,900

OPERATING BACKLOG REQUIREMENTS

	Total Operational Maintenance Backlog	Annual Requirement to eliminate Backlog	Operating Budget 2009/10	Operating Budget 2010/11	Operating Budget 2011/12
Infrastructure & Engineering	993,196,330	242,541,254	241,892,450	266,483,990	294,285,500
EDRS	51,100,000	20,300,000	15,482,900	17,262,980	18,581,360
Environment and Health	92,034,355	17,566,871	6,621,980	6,393,100	6,990,840
Corporate Administration	22,231,986	15,000,000	23,300,000	25,164,640	27,179,690
TOTAL	**1,158,562,671**	**295,408,125**	**287,297,330**	**315,304,710**	**347,037,390**

CHAPTER 3: LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.1 ECONOMIC GROWTH AND DEVELOPMENT					
3.1.1	% adherence to the LED Implementation Plan	Local Economic Development implementation plan not in place	100%	100%	LED Implementation Plan in place. 4th Quarter LED Forum consultations were replaced by the Economic Summit Meeting held in May 2010.
3.1.2	Alignment of the LED Strategy Industrial Development Strategy and Incentive Strategy	N/A	By February 2010	Target not met	The evaluation of the LED Strategy formed part of the Economic Summit held in May 2010 following which the strategies will now be aligned.
3.1.3	Implementation of the Growth and Development Summit Agreement	N/A	Quarterly reports	Quarterly reports produced	GDS was circulated amongst all the relevant directorates. Poor input is being received.
3.1.4	Existence of a strategy and plan for agriculture and agritourism in the Metro	N/A	By October 2009	Target not met	Information gathering and research process is underway and facilitated by external consultants for both the project appraisal and sector profiling studies. The studies will be completed by October 2010 and the plan consolidated.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.1.5	Development of Economic Meltdown Mitigation Strategy in consultation with Provincial Government	N/A	By March 2010	Target met	A social plan and an industry growth plan as outcomes of the Economic Summit held in May 2010, incorporates programmes dealing with the response to the recession.
3.1.6	Number of new self-sufficient agricultural projects facilitated	6	10	0	The under performance is due to that current projects are being appraised. Furthermore the Nelson Mandela Bay is experiencing disaster drought conditions which have prevented the implementation of agricultural projects.
KPE 3.2 IMPLEMENTATION OF EPWP					
3.2.1	Number of job opportunities created through EPWP and other municipal programmes to eliminate poverty and unemployment full time equivalent (FET) opportunities to be created	10 000 jobs created	994	2276	Infrastructure Sector = 1272, Environment and Culture Sector = 989, Social Sector = 15.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.2.2	Number of job opportunities created through EPWP and other municipal programmes to eliminate poverty and unemployment Work opportunities (WO) to be created		2284	9660	Infrastructure Sector = 4672, Environment and Culture Sector = 4931, Social Sector = 57.
3.2.3	Number of learnership programmes implemented through EPWP (learnership programmes benefiting not less than 23 individuals)	1 learnership programme under Water and Sanitation	3 learnership programmes benefitting not less than 23 individuals to be implement-ted by June 2010	1 learnership programme	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.3 INTEGRATED POVERTY ERADICATION					
3.3.1	Alignment of the Metro Integrated Poverty Eradication Strategy with the National Integrated Poverty Eradication Strategy	Poverty Alleviation Programme and Strategy in place	By July 2009	PA Framework approved	The target was not met due to the fact that National has only a draft strategy in place. Therefore by April 2010 both the drafts of National and the NMBM have been aligned with each other. The framework document was completed in April 2010. The Coordinator conducts follow-up on a regular basis, and has on one of these occasions obtained a copy of the National Draft Strategy. Despite the delays encountered due to National, various programmes are been implemented to assist the poor and vulnerable such as the War-On-Hunger Campaign. As part of the alignment with National, the NMBM has committed R15 million to skills development in this area to vulnerable groups.
3.3.2	% of qualifying households earning less than R2020 per month (2 state pensions) with access to free basic services	100%	100%	100%	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.3.3	Integration of the Assistance to the Poor Scheme with EPWP	Assistance to the Poor and EPWP schemes are independent from each other	By June 2010	Target not met	The target was not met due the fact that the draft policy was not adopted as yet by Council as at 30 June 2010. Prior to 30 June 2010, EPWP held numerous meetings with various stakeholders to gain input and insight incl. one-on-one consultations with Councillors. EPWP unit also presented the draft policy at a Management Team Meeting and Mayoral. A date is awaited to present to Council.
KPE 3.4 ENTREPRENEURSHIP AND SMME SUPPORT					
3.4.1	Number of SMMEs trained and/or provided with support	1171	500	626	
3.4.2	Number of co-operatives assisted and mentored	71	30	40	
3.4.3	Number of co-operatives focusing on youth supported	Youth benefitted as part of the broader collective of beneficiaries	2	Target not met	Capacity challenges in the Directorate prevented the achievement of the target. This will be addressed as part of the institutional rationalisation process which is underway.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.5 TOURISM DEVELOPMENT					
3.5.1	An events and tourism strategy adopted and implemented	N/A	By September 2009	Draft Events Management Policy in place	Draft Events Management Policy in place. The finalization of the strategy was awaiting the hosting of the Economic Summit. The strategy will now be aligned to the draft economic plan.
3.5.2	Number of new tourism co-operatives supported	N/A	5	1 (Red Location BackPackers)	Financial contracts led to the under achievement of the target.
3.5.3	Number of tourism SMMEs established/supported	81	15	2536	
3.5.4	% increase in bed-night occupancy in the Metro facilitated through service level agreement with NMBT	10%	5%	Data could not be provided	Consultation with the NMMU and NMBT took place to establish a clear base in respect of reporting on the % in bed-night occupancy in the Metro. NMBT outsourced this function. The relevant service provider is experiencing difficulty with obtaining data on bed night occupancy rate from local hospitality establishments, possibly based on a reluctance to divulge information on the popularity of their establishment.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.5.5	Number of key major events hosted	7	5	4	Summer Season, Herald Cycle Tour, Ironman and Splash. The 5th event - International Music Festival - could not be staged because the events organisers - Dompas - had capacity challenges. Legal process to terminate the agreement with Dompas and reclaim NMBM funding is presently underway.
KPE 3.6 INVESTMENT FACILITATION AND PROMOTION					
3.6.1	Number of investors attracted through municipal initiatives (foreign and local)	3	2	1	1 Investor attracted (Hallberg Guss) The target was not met due to economic meltdown which affected investors.
3.6.2	Sustaining the Executive Mayor's Economic Advisory Panel	Panel meets quarterly	Quarterly meetings	Target not met	The EAP was disbanded when the new political leadership (Executive Mayor) changed.
3.6.3	Operationalisation of a Business and Stakeholder Forum in the Metro to deal with economic development related issues	Quarterly meetings held	By September 2009	Quarterly meetings	This process forms part of the function of the LED Forum. LED consultations replaced by the Economic Summit in May 2010.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.7 BUSINESS SUPPORT					
3.7.1	Existence of a fully functional Business Support Centre	Functional Business Support Centre in place	By December 2009	Functional Business Support Centre under the Director: Trade & Investments	
KPE 3.8 BROAD-BASED ECONOMIC EMPOWERMENT (BEE)					
3.8.1	Existence of a BEE empowerment programme	In place, but fragmented	By June 2010	Construction incubator implemented	Assistance Programme for SMME's and Co-operatives was submitted to the EDTA Standing Committee during this financial year which included the incubation of small businesses.
3.8.2	% of tenders both in terms of number and value awarded to the previously disadvantaged	54,69%	50%	52.67%	
3.8.3	% of tenders both in terms of number and value awarded to women and youth	23,95% (women) ; 9,07% (youth)	10%	27.72%	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.8.4	% of tenders both in terms of number and value awarded to people with disabilities	1,65%	2%	1.35%	An open and transparent tender process is followed in all instances. The PPFA provides a point scoring base which is applied by the BEC and BAC which benefits the designated groups. The reason for not meeting the target is because disabled people have not been successful in securing tenders even though disable people receive preferential points. There are no mitigating measures to be implemented as the legal framework dictates the SCM framework to be applied.
3.8.5	Existence of a database for informal traders operating in the Metro	Database exists and is managed by MBDA	By June 2010	Target met	The recruitment process has been completed and the relevant candidate recruited. Successful candidate will be responsible for the implementation of the database. The recruitment for the Informal Trading Officer was delayed due to labour disruptions. The Executive Director: EDRS has subsequently addressed the labour concerns. Training traders was done by the MBDA mainly focusing on the CBD.
3.8.6	Number of informal traders trained/supported	135	200	203	The recruitment of an informal training officer will ensure that this process takes place. The recruitment for the Informal Trading Officer was delayed due to labour disruptions. The ED: EDRS has subsequently addressed the labour concerns. Training traders was done by the MBDA mainly focusing on the CBD.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.9 MILITARY VETERANS					
3.9.1	Number of projects benefiting former Military veterans facilitated for establishment	0	2	0	Due to budget constraints no containers could be provided. However budget provision has now been provided for and therefore we are now able to deliver these containers to the beneficiaries in March 2011. Capacity challenges in the Directorate prevented the achievement of the target. This will be addressed as part of the institutional rationalisation process which is underway.
KPE 3.10 RECREATIONAL SERVICES					
3.10.1	Maintaining the current number of beaches with Blue Flag status	4	4	3	The blue flag status of Kings Beach was lost due to insufficient funds to ensure regular cleansing and maintenance that meets the high standards and norms of the Blue Flag. Limited funds were used to maintain the other 3 other popular beaches and to ensure that we don't lose anymore beaches. The issue of funds and the various responsibilities for ensuring well managed and maintained beaches has been revised at the Socio-Economic Cluster. Total = 3 - Wells Estate - Humewood - Hobie Beach Insufficient funding to ensure the implementation of a 4th Blue Flag Beach.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.11 PROMOTION OF ARTS CULTURE AND LIBRARIES					
3.11.1	Upgrading of the Mendi Bottle Store into a Cultural Centre	No Service level agreement with the Province	By June 2010	Target not met	The budgeted funding of R2m was inadequate to complete the upgrading and these could not be utilized without an MOA with Province. The business plan indicated that the minimum costs should be R9m. The project has been included in the NMBM's budget for 2010/2011 and 2011/2012. Planning has commenced and the signing of the Memorandum of Agreement will be expedited.
3.11.2	Number of economic opportunities created by the Municipality in the promotion of arts and culture (training capacity building and exposure)	610	80	315	
3.11.3	Number of programmes promoting a culture of reading and writing implemented	296	2 per library	291	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 3.12 DEVELOPMENT OF HERITAGE AND MUSEUMS					
3.12.1	Number of heritage sites upgraded (Langa & Emlotheni)	2 (Langa & Emlotheni in progress for upgrading)	2	2	Both Langa and Emlotheni operational.
3.12.2	Number of heritage sites established/developed (Cradock Four)	Site identified for Cradock Four	1	0	The planning process took longer than anticipated. The project should be concluded in 2010/2011.
KPE 3.13 DEVELOPMENT OF SPORTS CODES METRO-WIDE					
3.13.1	Implementation of Sports Development Programme	No strategy in place	By August 2009	Target not met	The target for the development of sports strategy could not be met because the meeting between the Department of Sports, Recreation, Arts and Culture, DSRAC MEC and RSC Portfolio Councillor was postponed for a later date. In order to convene the workshop, an agreement was reached with NMB Sports Council to appoint a facilitator. An informal tender has been issued to be adjudicated soon.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.13.2	Number of facilities developed and upgraded 9 sports facilities to be upgraded	N/A	9	6	Out of the 9 formal facilities 6 have been completed: Gelvandale; KwaDwesi; Rosedale; Marock Road; Finnis Street; Veeplaas. Reasons for non completion Windvogel - Leveling has been completed - grass cannot be planted due to water restrictions Wolfson Stadium - Contractor withdrew due to poor performance Zwide Stadium - Due to delay in tendering adjudication process.
3.13.3	Number of facilities developed and upgraded 4 informal sports fields to be upgraded	N/A	4	1	Kleinskool: This contractor's other contract at Wolfson Stadium was terminated due to poor performance. It is hoped this action will assist in the speedy completion of Kleinskool. Furthermore, the contractor is now using Sub-Contractors to complete the work. Daleview: The delayed response by internal Directorates was highlighted in the Budget Performance Monitoring Meetings. The Municipality is limiting internal requests when it is absolutely necessary and would rather appoint external service providers to ensure timeous delivery.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
3.13.4	Number of facilities developed and upgraded (1 swimming pool to be built)	N/A	1 swimming pool	1 swimming pool	Newton Park Swimming Pool completed.

LOCAL ECONOMIC DEVELOPMENT
PERFORMANCE HIGHLIGHTS, CHALLENGES AND REMEDIAL ACTION

BRIEF OVERVIEW

The Municipality has an Economic Development Strategy for Nelson Mandela Bay in place with a review period of five years. The Municipality has comprehensively revised the LED Strategy, which is currently undergoing stakeholder consultation. The draft Strategy focuses on the following:

- Building and strengthening the auto manufacturing base of the local economy, whilst also diversifying within manufacturing;
- Promoting the diversification of the local economy, focusing on industries with the potential to create jobs, and harnessing skills and innovative capabilities;
- Promoting entrepreneurship and providing support to small businesses and the growth of co-operatives.

A key Economic Summit involving all local stakeholders was hosted by the Municipality in May 2010 with the aim of crafting broad consensus on re-imagining the economy of the Metro and identifying key short and medium programmes to mitigate the effects of the recession and to place the economy on a higher growth projectory.

The economic vision of Nelson Mandela Bay is to become a hub for innovation and sustainable production and consumption. It is based on infrastructure development, skills development and institution building as catalysts in developing and sustaining the local economy.

PROGRESS TOWARDS ACHIEVING KEY LED OBJECTIVES

The progress made in achieving key LED objectives is reflected on page 106.

Additional performance information is reflected below.

(a) Improve public and market confidence

The Nelson Mandela Bay Municipality has policies in place to enable and promote fair trading in the Metro, such as an Investment Incentives Policy geared at promoting fair trade. Film, ICT and Business Process Outsourcing (BPO) are regarded as key sectors to diversify the economy, contributing to the GDP and promoting investment.

A legacy of hosting the 2010 FIFA World Cup™ is improved infrastructure, which will benefit the Metro and attract investors. The upgrades include an improved roads network and future access to affordable and reliable transport. 2010 brought massive publicity and marketing opportunities for the Metro allowing it to showcase itself to most countries in the world thereby unlocking its tourism potential and potentially attracting massive investment in the local hospitality industry.

Other initiatives with an economic spin-off include the SMART City process and inner-city regeneration as well as the Njoli Square upgrade and urban renewal targeting the previously disadvantaged areas, such as Motherwell and Helenvale.

(i) Role of Disaster Management in creating conducive environment for economic development

The Nelson Mandela Bay Municipality has developed a comprehensive Disaster Management Plan, which includes the following:

- **Early Warning Programmes**

– **Remote Camera Project**

Following the major August 2006 flooding, the Municipality decided to introduce an early warning system in the Metro. In this regard, 12 CCTV cameras were installed at remote sites to monitor potential high-risk flooding areas.

These cameras are connected to the SA Weather Services through a fibre optic link, allowing them to be also viewed by weather forecasters to assist in weather monitoring and weather warnings.

- **Weather monitoring equipment**

The South African Weather Services (SAWS) has a number of Automatic Rain Stations (ARS) in service within the metropolitan area, supporting the flood prediction capacity of its Port Elizabeth branch.

In the next review period, the establishment of additional Automatic Rain Stations will be completed at the following locations: Flower Reserve (Van Stadens); St Albans Prison; Riverstone Road; Lovemore Heights Reservoir; Bloemendal Reservoir; and Coega River (Upper and Lower).

These Automatic Rain Stations is part of the network of weather monitoring equipment for the Flash Flood Guidance system (FFGS) being implemented by the SAWS. The National Disaster Management Centre sponsors this vital SAWS project.

- **Policy Framework for Disaster Management**

A revised policy framework for disaster management is in place. The framework serves to guide the development and implementation of uniform and integrated disaster risk management policy and plans in the metropolitan area.

- **Disaster Management Advisory Forum**

The Municipality has a Disaster Management Advisory Forum (DMAF) in place on which over 60 prominent local organisations and government sector departments are represented.

- **Local Disaster Management Committees**

Altogether six Local Disaster Management Committees were established in the satellite office areas. Regular meetings are held with Ward Councillors, Ward Committee members and other representatives of various institutions. Ward Disaster Management structures for communities are being establishment.

- **Comprehensive Disaster Risk Assessment**

A comprehensive risk assessment was conducted in 2005 as part of the development of the Disaster Management Plan. This was reviewed with the revised Disaster Management Plan in 2009. The Plan was finalised and officially handed over to the Disaster Management Centre in March 2010.

- **Awareness and Education**

International Strategy for Disaster Reduction

The theme of the United Nations International Strategy for Disaster Reduction for 2010-2011 is "*Building resilient cities*". During the ISDR week (11 to 15 October 2010), disaster management officers will involve communities to build capacity to deal with floods.

(b) Comparative and competitive advantages for industry

The Municipality operates in a co-operative environment with all spheres of government and other metropolitan and local municipalities. The comparative advantages of Nelson Mandela Bay include the following:

- Good progress made with the completion of the Industrial Strategy, which will outline key economic sectors that can be supported and grown to achieve the economic vision for Nelson Mandela Bay.

- Nelson Mandela Bay is a Port City thereby creating an environment for tourism as well as transport hub.
- Provision of infrastructure at Logistics Park.
- Urban rejuvenation and upgrading of central city areas undertaken by the MBDA.
- Coega Industrial Development Zone and deepwater port of Ngqura, supported by the PE Harbour Port.
- World class automotive industry.
- Superb educational institutions and facilities.
    - Altogether 273 schools.
    - One university (the Nelson Mandela Metropolitan University), which has over 20 000 students.
    - Four technical colleges and two FET institutions, namely the PE College and the Midlands College.
- Abundant open land ready for development.
- A world-class transport network (sea, air, road and rail).
- Tourism.
    - 40 km expanse of golden unspoilt beaches.
    - Thirteen bathing beaches of which 3 have Blue Flag status.
    - Within easy access of world-class nature parks and game reserves, where one can view magnificent big African game, including the Shamwari Game Reserve and Addo National Elephant Park. Other popular game parks in the Metro are Kragga Kamma and Seaview.

(i) Implementation of Supply Chain Management

The progress made in implementing the Municipality's Supply Chain Management Policy is reflected below:

Specified Goal	Count Figures	Annual Target	Rand Value	Percentage Figure
HDI	12 064	50 %	R5 014 958 827	49.3%
Women	6 264	10 %	R1 669 023 529	16.3%
Youth	4 213	10 %	R 490 008 093	4.7%
Local	14 280	-	R3 029 804 959	29.5%
Disabled	414	1%	R 31 541 368	0.30%
TOTALS	**37 235**		**R10 235 336 776**	

(c) Intensify Enterprise Support and Business Development

(i) Support to SMMEs

Business development services provided to SMMEs include the development of a manual on starting up a business; the provision of training in marketing, tendering and bookkeeping; and co-opting a SEDA construction incubator to assist emerging contractors.

(ii) Support to co-operatives

The following 12 agricultural co-operatives were supported:

PROJECT NAME	PROJECT DESCRIPTION	LOCALITY	JOBS CREATED
Enjongweni Co-operative	Vegetable production under intensive irrigation	Motherwell	18 permanent
Sililitha Co-operative	Vegetable production under intensive irrigation	KwaZakhele, Daku	4 permanent 2 casual
Bloemendal Hydroponics	Tunnel production of high quality vegetables	Bloemendal	10 permanent
Masibulele Co-operative	Vegetable production under intensive irrigation	Despatch	6 permanent 4 casual
Sandile Co-operative	Vegetable production under intensive irrigation	Uitenhage – KwaNobuhle	10 permanent 5 casual
Rosedale	Vegetable production under intensive irrigation	Uitenhage – Rosedale	10 permanent
TATI	Vegetable production under intensive irrigation	Uitenhage - KwaNobuhle	18 permanent 40 casual
Laphumikhwezi	Land Reform Agricultural Development (LRAD) under intensive irrigation	Uitenhage – Kruisrivier	8 permanent

PROJECT NAME	PROJECT DESCRIPTION	LOCALITY	JOBS CREATED
Iliso Farmers Trust	Land Reform Agricultural Development (LRAD) under intensive irrigation	Amanzi Estate	4 permanent 2 casual
Uitenhage Small Farmers Trust (USFT)	Land Reform Agricultural Development (LRAD) under intensive irrigation	Uitenhage	19 permanent
Walmer Hydroponics	Tunnel production of high quality vegetables	Walmer	6 permanent
Zanethemba Nursery	Seedlings propagation	Motherwell	10 permanent

Other co-operatives supported under Sector Development include the following:

NAME OF CO-OPERATIVE	AREA	TYPE OF BUSINESS	JOBS CREATED
Sinemibono Brick Manufacturing Cooperative	New Brighton	Brick manufacturing	30
Kayamnandi Women In Development	Despatch	Low-cost housing construction	20
Sovuyiso Sewing Co-operative	KwaZakhele	Sewing	8
PEECO	KwaZakhele	Energy	25
Licebo Manufacturing & Carpentry	Joe Slovo	Carpentry	10
Asixhomi Civil Construction Co-operative	Nceba Faku/ Booysens Park	Construction	10
Sihlangene Catering Services Co-operative	Struandale and Ntshekisa Road	Catering	8
Mthomasebe Construction Co-operative	KwaMagxaki	Construction	10
Siyakha Women In Development	New Brighton	Construction	10
Mawethu Sewing Co-operative	Zwide	Sewing	7
Abenzi Designers	Mira House	Sewing	8
Bahlobile Abafazi	Joe Slovo	Sewing and designing	10
Red Location Backpackers	Red Location	Accommodation	20
Inkwenkwezi Development	KwaDwesi	Gardening and	12

NAME OF CO-OPERATIVE	AREA	TYPE OF BUSINESS	JOBS CREATED
Trust		construction	
Simanye Décor & Design	Uitenhage	Sewing	5
Izandla Zomzantsi	Uitenhage	Sewing	5
Rastas Designers	KwaZakhele	Sewing	5
Noneluntu Women's Organisation	New Brighton	Sewing and HIV Awareness	6
Ziphila Phi Designers	Joe Slovo	Sewing	13
Northern Areas Business and skills	Northern Areas	Business development	6
Phuhlisa Community Based Organisation	NMB – Central	Computers	7
Socokisa Designers	NMB – Lazmark House	Sewing	5
Sokwakha Dressmakers	Zwide	Sewing	6
Phaphamani Makhosikaza Brick Manufacturing Coop	New Brighton	Brick manufacturing	30
Colchester Cleaning Coop	Colchester	Cleansing	20
Sovuyiso Sewing Coop	KwaZakhele	Sewing	8
Qoqani Cleaning Coop	Red Location	Cleansing	8
Walmer Hydroponics	Walmer	Food garden	8
PEECO – Electricians	KwaZakhele	Electrical	25
Licebo Manufacturing & Carpentry	Joe Slovo	Manufacturing & Carpentry	10
Asixhomi Civil Construction Coop	Nceba Faku/Booysens Park	Construction	10
Sihlangene Catering Services Coop	NMB – operating at Labour Corner of Struandale and Ntshekisa Road	Catering	8
Mthomasebe Construction Coop	Kwa Magxaki	Construction	10
Siyakha Women in Development	New Brighton	Sewing	10
Mawethu Sewing Coop	Zwide	Sewing	7
Abenzi Designers	Mira House	Sewing	8
Bahlobile Abafazi	Joe Slovo	Sewing	10
Red Location Backpackers	Red Location	Sewing	20
Inkwenkwezi Development Trust	KwaDwesi	Sewing	12
Simanye Décor & Design	Uitenhage	Sewing	5

NAME OF CO-OPERATIVE	AREA	TYPE OF BUSINESS	JOBS CREATED
Izandla Zomzantsi	Uitenhage	Sewing	5
Rasta's Designers	KwaZakhele	Sewing	5
Noneluntu Women's organization	New Brighton	Sewing	6
Ziphila Phi Designers		Sewing	13
Northern Areas Business and Skills	Northern Areas	Sewing	6
Phuhlisa Community Based Organisation	NMB – Central	Sewing	7
Rosedale Designers	Rosedale	Sewing	10
Socokisa Designers	NMB – Lazmark House	Sewing	5
Sokwakha Dressmakers	Zwide	Sewing	6

In addition, the Municipality is currently supporting ten co-operatives active in refuse collection, benefiting 252 people and serving 32 805 households.

(d) Support Social Investment Programme

In addition to the Municipality's contribution to the development of co-operatives, as reflected above, social investment programmes include the following:

(i) Job creation and Expanded Public Works Programme

The Municipality is also prioritising the implementation of the EPWP and other job creation initiatives. As reflected above, the co-operatives supported by the Municipality has a job creation component. Altogether 2 276 full-time equivalent opportunities and 9 660 work opportunities were created during the 2009/10 financial year.

(ii) Poverty eradication programmes in the Metro

The Municipality is implementing a number of programmes aimed at eradicating poverty, focusing on the following:

- Implementation of EPWP (job creation and learnerships).
- SMME and co-operative development.
- Provision of free basic services.

- Repair of leaks in indigent households.
- Unemployed Graduates training.
- Bursaries and Learnerships:
- Preferential procurement processes.
- 2010 related programmes and initiatives.
- Special sector capacitation (women, youth and people living with disabilities).
- Implementation of urban renewal programmes.

The legacy of the worldwide economic meltdown is still felt in Nelson Mandela Bay, adding to the pressure on the Municipality to eradicate poverty and to seek innovative and appropriate solutions to the high unemployment and poverty levels in Nelson Mandela Bay communities.

(e) Annual performance as per key performance indicators in LED

	Indicator name	**Target set for the year**	**Achievement level during the year (absolute figure)**	**Achievement percentage during the year**
1	Number of LED Stakeholder Forum meetings held	4	2 and the Economic Summit	100%
2	Percentage of SMMEs that have benefited from a SMME support programme	(a) 500 SMMEs to be trained and supported (b) 45 hawkers' trading facilities	(a) 876 SMMEs trained (b) 84 were bought	234% 190%
3	Number of job opportunities created through EPWP: - Fulltime equivalent	994	2276	228%
	- Work Opportunities	2284	9660	422%
4	Number of job opportunities created through Public-Private Partnerships (PPP)	N/A	N/A	N/A

Operating and Capital Budget: LED Activities

OPERATING BUDGET

Project ID	Project Title	Budget	Actual	% Spent (Budget)
20050211	Trade & Invesment Conference	200,000.00	140,000.00	70.00
20060268	Automotive Sector Development	2,000,000.00	787,633.76	39.38
20060269	Urban Agricultural Development	6,628,370.00	7,056,968.24	106.47
20060270	Tourism Sector Development	900,000.00	355,867.71	39.54
20060271	Information and Communication Development	1,500,000.00	1,591,862.75	106.12
20060272	SMME and Community Development	5,500,000.00	5,740,732.45	104.38
20060273	Strategic Project Development	2,000,000.00	902,498.77	45.12
20060275	Strategic Alliances and Partnerships	250,000.00	81,481.12	32.59
20060276	Incorporation and Management of Municipal Entities	93,521,250.00	93,521,250.00	100.00
20060277	Trade and Investment	9,550,000.00	7,217,442.00	75.58
		122,049,620.00	**117,395,736.80**	**96.19**

CAPITAL BUDGET

Project ID	Project Title	Budget	Actual	% Spent (Budget)
20070202	Rehabilitation of Market Building Infrastructure	2,094,320.00	1,470,102.40	70.19
20070266	Walmer Enterprise Village	91,000.00	90,767.49	99.74
20080163	Fountain Road Redevelopment	3,000,000.00	5,630,899.12	187.7
20100008	Upgrading of Beer Hall into a Backpackers Lodge	3,000,000.00	189,208.71	6.31
20080122	Restoration of Despatch Brickfields Chimney	188,750.00	188,398.36	99.81
		8,374,070.00	**7,569,376.08**	**90.39**

(f) Challenges regarding LED Strategy implementation

- High unemployment and poverty levels exacerbated by the recent worldwide recession.
- Lack of mainstreaming of women, youth and people with disabilities.
- Absence of an entrepreneurship support programme.
- Lack of coherent development strategies between the three spheres of government and other roleplayers.
- Evaluation criteria emanating from PPFA are not skewed towards HDIs and BEEs.
- Food security.

In the year ahead (2010/11), the Municipality will:

- Roll-out the resolutions and agreements reached at the Economic Summit hosted by the Municipality in May 2010.
- Develop and implement an entrepreneurship support programme targeting HDIs and SMMEs.
- Develop emerging/HDI contractors as part of the EPWP and ensure that all projects implemented have a job creation element.
- Revise the NMBM's Supply Chain Management Policy to ensure that it benefits HDIs and SMMEs.
- Evaluate and implement a supply chain management model that will ensure dedicated attention to contract management and technical requirements to prevent tender manipulation.

(g) Coega development

The Coega Development Corporation is entrusted with facilitating the creation of an industrial complex offering strategic economic advantages; providing a location for the establishment of strategic investments; exploiting existing industrial capacity, promoting integration with local industry and increasing value-added production. This will see the corporation becoming a major creator of employment and contributing to the region both economically and socially.

(i) Dictates of the development logic

Investment activities in Coega are dictated by the following:

- National Policy – Industrial.
- Regional Industrial Development Strategy.
- Sectors as approved by the Metro, DEDEA and DTI.
- Land Use Framework Plan – Clustering concept.

- Investor demand.
- State of the required basic economic infrastructure.
- Required level of responsiveness to investor demands.
- Rate of development required and approved by shareholders – desired end state.
- Budget availability and allocation.

The Deepwater Port of Ngqurha became operational in October 2009. This positions the Metro as a major player in global transshipment through its ability to receive larger ships and consequently increased volumes of trade.

During the review period, the Coega Development Corporate (CDC) took over the management of the Nelson Mandela Bay Logistics Park (NMBLP) from the Municipality. Current signed tenants at the Logistics Park are listed below:

Automotive Component Manufacturers:

COMPANY	PRECINCT A	ACTIVITY	ESTIMATED TOTAL INVESTMENT	JOBS OPERATIONAL + CONSTRUCTION
Faurecia Interior Systems. Moved into new facilities in April 2009.	NMBLP	Manufacturing Central consoles	R147 million	236 +325
Flextech Moved into new facilities in September 2009 and expansion in June 2010.	NMBLP	Manufacturing Side mirrors, cables etc.	R6.5 million	15
Grupo Antolin. Moved into new facilities in April 2009.	NMBLP	Manufacturing Headliners and Side Panels	R80 million	96 + 165
Inergy (2005/6)	NMBLP	Manufacturing Plastic Petrol Tanks and accessories	-	-
Rehau. Moved into new facilities in April 2009.	NMBLP	Manufacturing Bumper Systems	R316 million	160 + 421

Logistics and warehousing

COMPANY	PRECINCT A	ACTIVITY	ESTIMATED TOTAL INVESTMENT	JOBS OPERATIONAL + CONSTRUCTION
MSC (2005/6)	NMBLP	Auto Logistics - Container Yard	-	-

Significant investments in the automotive sector boosted activity at the Logistics Park and helped to ensure the vibrancy of this industry in the region. A major investor was VWSA, who injected multi-million rand investments into enlarging its plant and streamlining production.

CHAPTER 4: FINANCIAL SUSTAINABILITY AND VIABILITY

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 4.1 REVENUE MANAGEMENT ENHANCEMENT AND CUSTOMER CARE					
4.1.1	Annual review of the Rates Policy	Rates Policy implemented	By July 2009	Target met	
4.1.2	% revenue collection	100%	98%	99,22% after write-offs have been taken into consideration and 93.75% before write-offs are taken into consideration	
4.1.3	Identification and accessing additional financial resources to enhance service delivery	Additional sources identified and funding applied for through Donor funding	By June 2010	Implement against strategy & target	
4.1.4	% traffic fine collection rate	75%	60%	46,47%	The 46,47% refers to the projected estimated income. A Turnaround Strategy has been developed to improve traffic collection rate.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 4.2 SUPPLY CHAIN AND BROAD-BASED ECONOMIC EMPOWERMENT					
4.2.1	Review of the SCM Policy	Policy reviewed	Annually	Target met	Administratively the target was achieved, but the policy could not be approved as the consultative process could not be finalised.
4.2.2	Improved turnaround time for procurement processes (tender advertisement evaluation and adjudication) relating to the directorate	N/A	12 weeks	17 weeks	101 tenders were finalized in the quarter of which 56 took longer than 12 weeks to finalize. These were as a result of annual tenders for which directorates started advertising in December/January already so as to provide them with sufficient time to finalize the tenders before the end of the financial year. The actual of 17 was derived at by dividing 120 days/7days. The reporting framework does not allow for accurate comparison as it focuses on the number of tenders exceeding 60, 90 and 120 days.
KPE 4.3 CASH AND RISK MANAGEMENT					
4.3.1	Turnaround time for bank reconciliations 25 days for ordinary accounts	30 days	25 days	19,08 days	
4.3.2	Turnaround time for bank reconciliations 40 days for main account	45 days	40 days	22,30 days	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
4.3.3	Credit rating of aa3.za to be maintained	Maintained aa3.za rating		Aa3.za in place	
KPE 4.4 BUDGETING AND FINANCIAL ACCOUNTING					
4.4.1	Preparation of a balanced budget in line with Municipal Policies and National Treasury Regulations and Legislations	Balanced budget approved	By May 2010	Budget approval	
4.4.2	Implementation of a capital budget priority rating system	Draft system in place	By March 2010	Capital Budget Priority System is in place	A capital budget priority rating system is in place whereby all projects are linked to the 5 IDP priorities. The Financial Services Model then determines the affordability limits. The individual Directorates then, in consultation with their portfolio councillors, need to rightsize their budgets to fall within the affordability limits. Due to the consultative nature, it has not been deemed necessary to develop the system any further.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 4.5 EXPENDITURE MANAGEMENT					
4.5.1	% of the Municipality's capital budget spent on capital projects identified in terms of IDP	96.60%	95%	80,14%	The underperformance was due to directorates such as Infrastructure & Engineering, Public Health, EDRS, and Special Programmes Directorate. These directorates have however awarded numerous contracts towards the end of the financial year and the spending levels have been at a higher than normal level early in the 2010/11 financial year. The expenditure levels remain the same and the bulk of the unspent funding will be spent in the initial stages of the 2010/11 financial year.
4.5.2	% expenditure Operating (total) - 95%	92%	95%	108.67%	
4.5.3	% of workplace skills and training budget spent	87%	95%	79%	The organisation spent 79% of its training budget as at year end.
4.5.4	% personnel costs contained	30%	34%	26,79%	
4.5.5	% Debt Coverage	N/A	12%	2,38%	
4.5.6	%Service to Debtors	N/A	15%	9,54%	
4.5.7	Cost coverage	N/A	1 month	0.60 months	
4.5.8	% legislative compliance with MFMA 14 urgent priorities	N/A	100%	100%	

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
4.5.9	Creditors to be paid within 30 days of date of invoice	30 days	30 days	25 days days	Legal compliance requires that creditors be paid within 30 days of receipt of the invoice and not 30 days from date of invoice - paying within 30 days of receipt of invoice is more prudent in preserving the cost coverage of council- a mitigating circumstance. The target must be adjusted accordingly to be in line with the MFMA.

FINANCIAL SUSTAINABILITY AND VIABILITY
PERFORMANCE HIGHLIGHTS, CHALLENGES AND REMEDIAL ACTION

Towards the end of the review period, the Municipality started to experience a financial challenge, caused by a congruence of factors, amongst other things, a cash flow challenge. The Municipality is development a turnaround strategy to address these challenges.

Statistics in respect of revenue collection and capital expenditure are reflected in the tables below:

Revenue collection:

FINANCIAL YEAR	TARGET	ACTUAL
2008/09	98%	91.7% before write-offs are taken into consideration, and 100.71% after write-offs have been taken into consideration
2009/10	98%	99,22% after write-offs have been taken into consideration and 93.75% before write-offs are taken into consideration

Capital expenditure:

FINANCIAL YEAR	TARGET	ACTUAL
2008/09	95%	99,6%
2009/10	95%	80,14%

The actual capital spending for the 2009/10 financial year amounted to R2 333 696 684 compared to a budget of R2 912 089 420, resulting in a 80,14% spending rate.

AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of the Municipality are contained in Annexure “B”.

BUDGET TO ACTUAL COMPARISON

Actual income for the year amounted to R6 125 845 669, compared to the budget of R5 303 241 260. Actual expenditure for the year amounted to R5 659 559 022, compared to the budget of R5 208 008 400.

GRANTS AND TRANSFERS’ SPENDING

Information on grants and subsidies received by the Municipality over the review period is reflected in the table below.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

DISCLOSURES OF CONDITIONAL GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2010

Name of Grants	Name of Organ of State	Quarterly Receipts					Quarterly Expenditure					Reasons for Delay	Did Municipality comply with grant conditions
		July-Sept	Oct-Dec	Jan- Mar	April-June	Total Funds Received	July-Sept	Oct-Dec	Jan- Mar	April-June	Total Spent		
Financial Management Grant	NT	750,000	0	0	0	**750,000**	86,041	310,679	464,224	326,734	**1,187,678**	N / A	Yes
National Electrification Programme	DME	0	0	0	0	**0**	2,086,277	3,247,969	0	1,557,229	**6,891,475**	N / A	Yes
Municipal Infrastructure Grant	DPLG	80,777,492	0	37,771,072	37,467,436	**156,016,000**	15,900,443	52,409,221	42,753,538	131,641,435	**242,704,637**	N / A	Yes
World Cup Soccer (Construction of Stadia)	NT	0	0	37,526,051	95,137,693	**132,663,744**	13,723,115	84,087,609	8,573,920	25,364,554	**131,749,198**	N / A	Yes
2010 Host City Operating Grant	NT	0	0	22,600,000	20,500,000	**43,100,000**	5,253,388	2,350,465	1,653,403	45,636,276	**54,893,532**	N / A	Yes
World Cup Soccer (Transport or PTIF)	NT	0	0	125,000,000	22,078,000	**147,078,000**	23,766,465	167,453,491	109,419,666	226,201,331	**526,840,953**	N / A	Yes
Neighbourhood Development Partnership Grant	NT	8,000,081	0	10,000,000	13,499,918	**31,499,999**	3,236,628	4,763,453	8,245,650	26,851,896	**43,097,627**	N / A	Yes
Neighbourhood Development Grant - Technical Assistance	NT	0	0	3,100,000	0	**3,100,000**	0	0	0	3,429,147	**3,429,147**	N / A	Yes
Energy Efficiency & Demand Side Management Grant	NT	0	15,000,000	0	15,000,000	**30,000,000**	0	0	0	8,717,560	**8,717,560**	N / A	Yes

MEETING OF DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS

Compliance with donor requirements in respect of conditional grants is reflected below:

1. PHB Subsidies

This Grant is received from Provincial Government and is used for the construction of low cost housing.

	2010
Balance at beginning of year	**0**
Current year receipts	143,145,552
Funding of Operating Projects	32,922,710
Debtor raised	200,577,282
Conditions met - transferred to revenue	-376,649,544
Conditions still to be met - transferred to liabilities	**0**

2. Health Subsidies

This grant is received from the Provincial Government and used in the Health function.

Balance at beginning of year	**0**
Current year receipts	102,244,824
Funding of Operating Projects	-24,165,188
Debtor raised	5,933,656
Conditions met - transferred to revenue	-84,013,292
Conditions still to be met - transferred to liabilities	**0**

3. Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Balance unspent at beginning of year	
Current year receipts	466,834,967
Funding of Capital Projects	
Conditions met - transferred to revenue	-466,834,967
Conditions still to be met - transferred to liabilities	**0**

4. Finance Management Grant

This grant is used in the financial reform project under the guidance of National Treasury.

Balance unspent at beginning of year	**437,677**
Current year receipts	750,000
Funding of Capital Projects	
Conditions met - transferred to revenue	-1,187,678
Conditions still to be met - transferred to liabilities	**0**

5. Library Services - Carnegie Corporation Grant

This Grant is used in the provision of books and services in the municipality's libraries.

Balance unspent at beginning of year	**791,422**
Current year receipts	50,199
Funding of Capital Projects	
Conditions met - transferred to revenue	
Conditions still to be met - transferred to liabilities	**841,621**

6. SMME - Development

This Subsidy is used for the development of Small businesses in the Metropolitan Area.

Balance unspent at beginning of year	**192,500**
Current year receipts	0
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**192,500**

7. Project Consolidate

This Grant was received from the Department of Provincial and Local Government as an initiative to improve municipal systems relating to the collection of debt.

Balance unspent at beginning of year	**84,492**
Current year receipts	0
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**84,492**

8. Disaster Management Grant

a) This grant is being used for the establishment of a Disaster Management Centre and related infrastructure.

Balance unspent at beginning of year	**0**
Current year receipts	0
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**0**

b) This Grant is used to provide aid to those in need when disasters arise in the metropolitan area.

Balance unspent at beginning of year	**42,169**
Current year receipts	0
Debtor Raised	3,076,717
Conditions met - transferred to revenue	-3,118,886
Funding of Capital Projects	0
Conditions still to be met - transferred to liabilities	**0**

9. Municipal Infrastructure Grant

This Grant is used for the provision of Infrastructure in the metropolitan area.

Balance unspent at beginning of year	**86,688,636**
Current year receipts	156,015,217
	-
Funding of Capital Projects	240,402,747
Conditions met - transferred to revenue	-1,805,117
Conditions still to be met - transferred to liabilities	**495,991**

10. Ploughing Fields

This Grant is used to promote Economic development.

Balance unspent at beginning of year	**26,545**
Current year receipts	1,684
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**28,229**

11. Project Generation(DEAET)

This Grant is used to promote Economic development.

Balance unspent at beginning of year	**7,028,263**
Current year receipts	445,791
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**7,474,054**

12. Amphitheatre - Uitenhage - UDDI

This Grant is used to promote Economic development in the Uitenhage and Despatch Development Initiative.

Balance unspent at beginning of year	**41,652**
Current year receipts	3,893,176
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**3,934,828**

13. National Treasury - Accreditation of Municipalities

This Grant is used for capacity building of employees in the municipality's Housing and Land Directorate.

Balance unspent at beginning of year	**4,198,406**
Current year receipts	3,835,975
Funding of Capital Projects	0
Conditions met - transferred to revenue	-4,317,715
Conditions still to be met - transferred to liabilities	**3,716,666**

14. RSC Levies Replacement Grant

This Grant is to compensate for loss of revenue due to the abolishment of RSC Levies

Balance unspent at beginning of year	**0**
Current year receipts	360,042,000
Funding of Capital Projects	0
	-
Conditions met - transferred to revenue	360,042,000
Conditions still to be met - transferred to liabilities	**0**

15. 2010 Soccer World Cup Stadium

This Grant is used to fund the building of the 2010 Soccer World Cup Stadium.

Balance unspent at beginning of year	**49,307,271**
Current year receipts	175,763,744
	-
Funding of Capital Projects	127,775,700
Conditions met - transferred to revenue	-63,306,673
Conditions still to be met - transferred to liabilities	**33,988,642**

16. Walmer Youth Development Project

This Grant is used for Youth Development.

Balance unspent at beginning of year	**53,623**
Current year receipts	0
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**53,623**

17. Youth Advisory Centre

This Grant is used for Youth Development.

Balance unspent at beginning of year	**0**
Current year receipts	0
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	**0**

18. HIV/AIDS Columbia University Project

This Grant is used for HIV / AIDS projects.

Balance unspent at beginning of year	**0**
Current year receipts	4,183,044
Funding of Operating Projects	-759,574
Conditions met - transferred to revenue	-3,423,470
Conditions still to be met - transferred to liabilities	**0**

19. Provincial Government Grants

This grant is received from the Provincial Government and used to subsidise Libraries & the Environmental Services Function.

Balance at beginning of year	**0**
Current year receipts	3,500,000
Funding of Capital Projects	0
Conditions met - transferred to revenue	-3,500,000
Conditions still to be met - transferred to liabilities	**0**

20. PTIF SoccerWorld Cup

This Grant is received from National Treasury for upgrading of infrastructure to support the 2010 World Cup Stadium.

Balance unspent at beginning of year	**318,167,967**
Current year receipts	109,551,949
Funding of Capital Expenditure	-526,840,954
Debtor Raised	130,338,781
Conditions met - transferred to revenue	-31,217,743
Conditions still to be met - transferred to liabilities	**0**

21. DME Subsidy on Electricity Connections

This Grant is used to fund electricity connections and upon application also the upgrade of the Electricity infrastructure in order to install these electricity connections.

Balance unspent at beginning of year	**5,976,651**
Current year receipts	0
Funding of Capital Projects	-6,891,474
Funding of Capital Projects	914,823
Conditions still to be met - transferred to liabilities	**0**

22. EU Sector Policy Support Project

This Grant is received from the European Union to fund various authorised developmental projects.

Balance unspent at beginning of year	**38,175,634**
Current year receipts	2,249,626
Funding of Capital Projects	0
Conditions met - transferred to revenue	-16,132,336
Conditions still to be met - transferred to liabilities	**24,292,924**

23. Energy Special Projects

This Grant is used to fund Energy Efficient Electricity Projects

Balance unspent at beginning of year	**0**
Current year receipts	30,000,000
Funding of Capital Projects	0
Conditions met - transferred to revenue	-8,176,280
Conditions still to be met - transferred to liabilities	**21,823,720**

24. Other Grants

These are grants received by the municipality for various purposes.

Balance unspent at beginning of year	**134,813,306**
Current year receipts	122,279,388
Funding of Operating Projects	-70,631,358
National & Provincial Government Capex Funding	-91,813,442
Debtor Raised	89,152,363
Conditions met - transferred to revenue	-65,438,648
Conditions still to be met - transferred to liabilities	**118,361,609**

25. Government Grant Revenue

Funding of Capital Projects	993,724,317
Conditions met - transferred to revenue	-993,724,317
Conditions still to be met - transferred to liabilities	**0**

LONG-TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY

The Municipality entered into no long-term contracts during the review period.

ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN FINANCIAL VIABILITY

For annual performance information with regard to financial viability, please refer to page 134.

Additional performance information is reflected in the table below.

	Indicator Name	Target set for the year (R000)	Achievement (R000)	Achievement %
1	Percentage of expenditure on capital budget	2 912 089 (95%)	2 333 696	80.14%
2	Salary budget as a percentage of the total operating budget	1 485 352 (29.5%)	1 641 282	29%
3	Total actual trade creditors as a percentage of total actual revenue	1 063 443 (20%)	1 612 559	26.32%
4	Total municipal own revenue as a percentage of the total actual budget	3 904 664 (88%)	3 729 986	70%
5	Rate of municipal debt reduction		23 537	1.72%
6	Percentage of MIG budget spent	148 215 (95%)	240 403	162%

ARREARS IN PROPERTY RATES AND SERVICE CHARGES

The arrears in property rates and services charges over the review period are reflected in the table below.

Rates and General: Ageing	**2010**
Current (0-30 days)	71,876,929
31 - 60 Days	18,321,973
61 - 90 Days	15,400,704
Over 90 Days	339,628,448
34 - 60 Days	**445,228,054**

Electricity: Ageing	
Current (0-30 days)	217,645,326
31 - 60 Days	24,809,053
61 - 90 Days	7,405,779
Over 90 Days	111,187,724
Total	**361,047,882**

Water: Ageing	
Current (0-30 days)	112,733,674
31 - 60 Days	29,082,609
61 - 90 Days	19,784,596
Over 90 Days	150,741,721
Total	**312,342,600**

Refuse: Ageing	
Current (0-30 days)	16,900,185
31 - 60 Days	3,490,530
61 - 90 Days	2,823,196
Over 90 Days	60,755,514
Total	**83,969,425**

Sanitation: Ageing	
Current (0-30 days)	27,946,883
31 - 60 Days	9,269,988
61 - 90 Days	5,470,044
Over 90 Days	85,934,239
Total	**128,621,154**

Housing Rentals: Ageing	
Current (0-30 days)	700,454
31 - 60 Days	395,946
61 - 90 Days	357,392
Over 90 Days	11,731,932
Total	**13,185,725**

PRESSURES FACING THE MUNICIPALITY'S BUDGET

- Global economic meltdown.
- Huge maintenance and service delivery backlogs.
- Depletion of the Capital Replacement Reserve.
- Coega IDZ infrastructure requirements.
- Maintaining collection rates at targeted levels.
- Financial affordability of external loan financing.

INTERGOVERNMENTAL CHALLENGES

- Unfunded mandates, especially around provincial road construction, low-income housing delivery, health and libraries.
- Non-gazetting of budgets by provincial departments.
- Escalating cost of electricity.
- Provincial debt.

In the year ahead (2010/11), the Municipality will focus on the following:

- Integrated political intervention to deal with the aforementioned intergovernmental challenges.
- Full identification and mobilisation of all resources at the disposal of the Municipality to promote service delivery.
- Review of credit control policies and revival of an integrated campaign for payment of municipal services.
- Campaign to register ATTP qualifying households.
- Institutional efficiencies.
- The need to enhance the Municipality's revenue base.

CHAPTER 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 5.1 COMMUNICATION AND PUBLIC PARTICIPATION					
5.1.1	Profiling key service delivery issues in media and to the community	Regular press conferences and media releases	Quarterly	Quarterly	Ten press conferences were held and 101 press releases were issued. Notices were published in the local newspapers inviting the public to inspect the Council adopted final version of the ninth edition of the IDP and Budget (available at municipal libraries and Customer care centres). Budget Circulars and Ward-based newsletters were developed and circulated.
5.1.2	Facilitating weekly radio slots to engage directly with the public	N/A	Weekly radio slots facilitated	Tenders evaluated & approved	Tenders were evaluated and approved in respect of weekly radio slots on for three local radio stations, namely KQ FM, Kingfisher and BayFM. The Legal Services Subdirectorate is currently inspecting the contracts, and pending their approval, the weekly radio slots should be operational by the end of July 2010.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.1.3	% increase in the number of hits on the municipal website (Both nationally and internationally)	N/A	10%	56.9%	Hits increased from baseline figure of 10 436 126 to 16 383 271 which equates to 56,9%. This sharp increase can be attributed to the interest in Nelson Mandela Bay as official host city for the FIFA World Cup (11 June - 11 July 2010).
5.1.4	Production of bi-monthly informative community magazine and staff newsletter	The format was under review	Bi-monthly	Bi-monthly	Tenders for the production of both publications were awarded. The first volume of Ubuntu Community Magazine (June/July 2010) was published (300 000 copies printed), while the first edition of Rise Staff Magazine (June/July 2010) was published (7 000 copies printed).
5.1.5	Audit of performance and functionality of Ward Committees	N/A	By July 2009	Target not met	The previous term of Ward Committees ended on 11 September 2009. A Ward Election Task Team was established to pave the way forward for the holding of fresh elections. On 18 May 2010, the WETT proposed that a ward committee election not be held at this time and that Ward Councillors work with the community structures in their wards until the end of the term of office of the existing Councillors.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.1.6	Development of a new Ward Committee model with terms of reference	Old model exists but gaps identified	By July 2009	Target not met	The previous term of Ward Committees ended on 11 September 2009. A Ward Election Task Team was established to pave the way forward for the holding of fresh elections. On 18 May 2010, the WETT proposed that a ward committee election not be held at this time and that Ward Councillors work with the community structures in their wards until the end of the term of office of the existing Councillors.
5.1.7	Number of Ward Committee meetings held (monthly) (Ward Committee Meetings held)	256	600	72	The previous term of Ward Committees ended on 11 September 2009. A Ward Election Task Team was established to pave the way forward for the holding of fresh elections. On 18 May 2010, the WETT proposed that a ward committee election not be held at this time and that Ward Councillors work with the community structures in their wards until the end of the term of office of the existing Councillors.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 5.2 INTERNAL CONTROLS					
5.2.1	Risk management plans in place per directorate and quarterly risk management reports submitted to the Municipal Manager and Audit Committee	Risk plans in place	Quarterly reports	Quarterly reports	A revised report on the municipality's twelve top strategic risks was submitted to the Audit Committee at its meeting held on 24 June 2010. The short-listing meeting for the Chief Risk Officer position was conducted.
5.2.2	Approval of revised and budgeted 3-year Audit Plan	Approved annual audit plan	Audit plan approved	Audit plan approved	
5.2.3	Receipt of unqualified Audit Report	Unqualified audit report received	By December 2009	Unqualified Audit Report received	
5.2.4	Operationalisation of anti-fraud hotline and follow-up on regular reports	Quarterly reports	Quarterly reports	Quarterly reports	Reports on the statistics relating to forensic/hotline cases for the periods 2008/2009 and 2009/2010 (to date) were submitted to the Audit Committee at its meeting held on 24 June 2010. These reports were in conjunction with reports on: Significant Fraud Related/ Irregularities-Matters under investigation; Unauthorised, Fruitless and Wasteful expenditure as at 31 March 2010; Forensic investigation status and capacity.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.2.5	Review of anti-fraud and anti-corruption strategies	Strategies reviewed but not approved	By June 2010	Strategies reviewed	Strategies were amended to highlight revisions and re-submitted to Management Team on 05 July 2010.
KPE 5.3 LEGAL SERVICES					
5.3.1	Turnaround times for drafting of contracts	N/A	14 days	14 days	Tender for institutional Contract Management and Administration System has been advertised to improve turnaround time from 14 to 7 days. The 14 days is when all necessary documents have been submitted to Legal Services Subdirectorate; often, the delays are caused by disputes on liability clauses.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.3.2	Completion of the By-law review process	By-law review undertaken and new By-laws drafted where necessary	By June 2010	By-law review process completed	The following By-laws were promulgated and compiled Vol 2 and 3 of the Code of By-laws as at 30 June 2010. 1. Air Pollution Control By-law 2. Cemeteries and crematoria By-Law 3. Health By-law for the operation of Initiation Schools 4. Municipal Health By-law 5. Noise Control By-Law 6. Prevention of public nuisance arising from keeping of animals By-law 7. Public amenities By-law 8. Waste Management By-law 9. Water & Sanitation Services By-Law 10. Advertising & signs By-law 11. FIFA 2010 By-law as amended
5.3.3	Completion of political and administrative delegation of powers	Delegation of Powers was drafted	By June 2010	Draft Delegation of Powers in place and currently under review	Draft delegation of Powers in place and currently under review. The draft delegation of powers were developed and presented to Executive Mayor; however, the process could not be completed due to political instability. In addition the Acting Municipal Manager ordered the review of the already developed draft delegation of powers.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
KPE 5.4 EXTERNAL RELATIONS					
5.4.1	Development and implementation of a comprehensive project-based implementation programme with Cacadu	Areas of focus identified by joint management teams	By June 2010	Consultation Process	The target was not met since it required consensus from both Municipalities, this could not be reached on time. Discussions is still underway between and NMBM with regard to confirmation of existing areas of focus.
5.4.2	Development of a project-based implementation programme with Nxuba	Draft programme in place	By June 2010	Programme in place and is being implemented	
5.4.3	Conclusion of implementation framework for each sister city partnership	Implementation framework existed for Goteborg	By June 2010	Implementation framework is in place for active sister city partnership	
5.4.4	% adherence to the implementation framework for sister cities	N/A	100%	100%	
5.4.5	Development of protocol handbook to be provided to Councillors and Officials	N/A	By December 2009	Protocol handbook developed	Protocol and etiquette handbook was developed and workshop held with Councillors and officials.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.4.6	Provision of general protocol training to Councillors and Senior Officials	External Relations underwent the 'Train the Trainer' Programme	By June 2010	Training provided to Councillors and Officials	
5.4.7	Provision of training to a core NMBM Protocol team that will engage with the LOC and FIFA 2010 Protocol teams during the 2010 FIFA World Cup	N/A	By September 2009	Training concluded	
KPE 5.5 SPECIAL SECTOR DEVELOPMENT					
5.5.1	Development and implementation of a youth children persons with disabilities gender and women empowerment mainstreaming plans	Youth, women and disability desks exist. Supply chain targets exist	By September 2009	Strategic budget interventions	A strategic budget intervention programme was undertaken focusing on special sectors. An amount of R75 million was set aside for this purpose.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.5.2	Capacitation and entrepreneurial training programme of special sectors (women youth children and persons with disabilities)	N/A	By June 2010	Capacitated and trained	A strategic budget intervention programme was undertaken focusing on special sectors. An amount of R75 million was set aside for this purpose.
KPE 5.6 ICT DEVELOPMENT					
5.6.1	Existence of a functional ICT Steering Committee that meets quarterly	Functional ICT Steering Committee	Quarterly meetings	Quarterly meetings	
5.6.2	Development of a functional HR Information System	Project Kusile started but in progress	By June 2010	Target not met	(1) The final SAP- SA Review report is being finalised; (2) Users on the new system have been assigned new system roles, (dual capturing is being implemented); (3) The recommendation of the Internal Audit report is being implemented in terms of authorization, support and business continuity. (4) System handover is in progress.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
5.6.3	Development and implementation of an ICT Strategy	N/A	By June 2010	Target not met	The ICT Strategy was developed. Iimplementation is lacking due to high vacancy rate in the Directorate.
KPE 5.7 FACILITIES MANAGEMENT					
5.7.1	Development of Facilities Management Strategy	Strategy developed	By September 2009	Strategy developed and conditional assessment of municipal buildings completed and being used to determine budgetary requirements annually	
5.7.2	Construction of the new Council Chambers	Investigations completed - awaiting political decision	By June 2010	Target not met	This project has been put on hold, awaiting Council approval.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION
PERFORMANCE HIGHLIGHTS, CHALLENGES AND REMEDIAL ACTION

A key priority of the Municipality is good corporate governance, which underpins all its programmes and projects. As the Municipality is committed to conducting its business in an open, transparent and accountable manner, community engagement and public participation programmes form an integral part of its planning and decision-making processes. Ward-based planning processes and other outreach programmes occupy a central role in this. In terms of ward-based planning, all sixty municipal wards are required to identify ward priorities and needs of their specific ward, which then informs the Municipality's IDP and Budget.

During the previous two review periods, the institution received an unqualified audit report, to a large part thanks to the institution's emphasis on good governance. The Municipality has a three-year audit plan in place, which is reviewed annually.

The special desks for sectors such as the youth, women, children, the disabled and the elderly ensure that the issues affecting these vulnerable groupings receive priority attention.

The Municipality has a vibrant external relations programme in place, with partnerships in place with a number of overseas cities as well as cities on the African continent. These partnerships have had positive spin-offs in the areas of economic development, arts and culture, land planning and environmental management.

A growing priority for the Municipality is extending its intergovernmental programmes to ensure a joint approach to service delivery and poverty challenges. Towards this end, it has concluded agreements with neighbouring municipalities.

OVERVIEW OF EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS

(a) Council

The Municipality has 120 Councillors (60 Proportional Representation (PR) Councillors, and 60 Ward Councillors). The Speaker chairs Council meetings. The Council has a formal set of Rules of Order to guide proceedings during Council meetings. Council meetings are held every six weeks, but if urgent issues need to be considered, additional meetings are called.

Council meetings held during the 2009/10 financial year are reflected below.

Number of scheduled meetings	Number of actual meetings held
9	13

(b) Executive Mayoral Committee System

The Municipality has an Executive Mayoral Committee system, which consists of the Executive Mayor, the Deputy Executive Mayor and nine Mayoral Committee members.

The Mayoral Committee meetings are held fortnightly.

Mayoral Committee meetings held during the 2009/10 financial year are reflected below.

Number of scheduled meetings	Number of actual meetings held
24	18

(c) Standing Committees of Council

There are eight Standing Committees of Council, each chaired by a Mayoral Committee member, as well as Constituency Services. The Standing Committees for 2009/10 are as follows:

(a) Budget and Treasury (scheduled 11 and 11 held)
(b) Corporate Services (scheduled 7 and 7 held)
(c) Economic Development, Tourism and Agriculture (scheduled 6 and 5 held)
(d) Housing and Land (scheduled 12 and 13 held)
(e) Infrastructure, Engineering, Electricity and Energy (7 scheduled and 6 held)
(f) Public Health (9 scheduled and 7 held)
(g) Recreation and Culture (7 scheduled and 8 held)
(h) Safety and Security (8 scheduled and 6 held)

Standing Committee meetings are held every six weeks.

Standing Committee meetings held during the 2009/10 financial year are reflected below.

Number of scheduled meetings	Number of actual meetings held
67	63

PUBLIC PARTICIPATION AND CONSULTATION

Municipal decision making and planning processes are underpinned by public engagement and community consultation. During the review period, the institution ran a number of community outreach programmes, imbizos, road shows and other community outreaches in both the urban and peri-urban areas of Nelson Mandela Bay. Altogether 50 public meetings were held in the

various municipal wards and clusters. These meetings were established in consultation with ward community structures and achieved engagement with all six ward clusters, special sector forum structures, key sectors of society and other stakeholders, as well as the general public of Nelson Mandela Bay.

WARD COMMITTEES' ESTABLISHMENT AND FUNCTIONALITY

The Municipality established a Ward Committee System. However, their term ended in September 2009. Consultation with communities at ward based level is still taking place. This is facilitated through the Office of the Ward Councillors.

COMMUNITY DEVELOPMENT WORKERS PERFORMANCE MONITORING

There are 42 Community Development Workers within Nelson Mandela Bay. The Municipality has an office that liaises with Community Development Workers under the Constituency Services Office. A challenge is around the co-ordination and control as well as accountability of Community Development Workers to the Municipality. There is a need for the development and implementation of a framework on the utilisation of community development workers by the three spheres of government.

COMMUNICATIONS STRATEGY

The Municipality has a Communications Strategy in place which was revised during the 2009/10 financial year to ensure its relevancy and the full use of modern communication media.

(a) Purpose of Communications Strategy

The purpose of the Communications Strategy is to ensure that all communications initiatives in the Nelson Mandela Bay Metropolitan Municipality are well coordinated, integrated and focused.

(b) Principles of Communications Strategy

Key principles of the Communications Strategy are as follows:

- All communication should be clear, concise and easily understood.
- All communication should be timely and up to date, and reflect Council's position.
- All municipal published material should adhere to an acceptable and easily recognisable corporate identity.
- In terms of legislative tenets and the NMBM's official Language Policy, multilingualism and a high standard of language usage should apply.
- Honest and open two-way communication must be maintained.

(c) Objectives of Communications Strategy

- The establishment, maintenance, enhancement and promotion of a positive and sound relationship and mutual understanding between the Nelson Mandela Bay Metropolitan Municipality and all its target publics and stakeholders.
- Promoting quality service delivery to all residents.
- Ensuring a high level of understanding among the public regarding the role of and services provided by the Municipality; how to gain access to and efficiently use these services; as well as their own obligations and duties as citizens.
- Equipping and empowering the public with the knowledge to fully participate and engage in local government planning and decision-making processes.
- Ensuring a high level of understanding among employees and Councillors of the Council's Vision, decisions and strategic plans, as well as their own role in the realisation thereof.
- Establishing a clear brand identity for the Nelson Mandela Bay Metropolitan Municipality.

- Promoting Nelson Mandela Bay as a destination of choice amongst tourists and investors.
- Ensuring integrated service delivery across the three spheres of government.
- Anticipating and proactively planning for municipal crises.

(d) Human resources available to lead communications activities

The Communications Sub-Directorate is under the Director: Communications, supported by 15 permanent and 4 temporary staff members, plus 2 unemployed graduates, under the following units:

- Finance and Administration
- Language Proficiency
- Media Management
- Product Development
- Public Relations and Events Management

(e) Infrastructural resource available for communication activities

The Communications Sub-Directorate's Operating Budget is reflected below:

- Employee related costs = R5,9 million
- General expenditure = R2,1 million
- Communications Strategy = R7,1 million

In addition to the above, an amount of R10 million was allocated to cater for communications requirements related to the 2010 FIFA World Cup™.

The Communications Sub-Directorate has the necessary infrastructure, such as offices and electronic and other equipment, as well as a communications library, to enable it to perform its duties successfully.

(f) Progress with implementation of Communications Strategy

Media Management

- Media releases – minimum of three releases every week
- Press conferences – at least one per month
- Media workshops – one workshop held annually
- Media monitoring – comprehensive monthly reports compiled

Language Proficiency

- Adverts and notices in the newspapers – 570
- Editing of 150 key strategic documents and writing of 42 speeches and messages

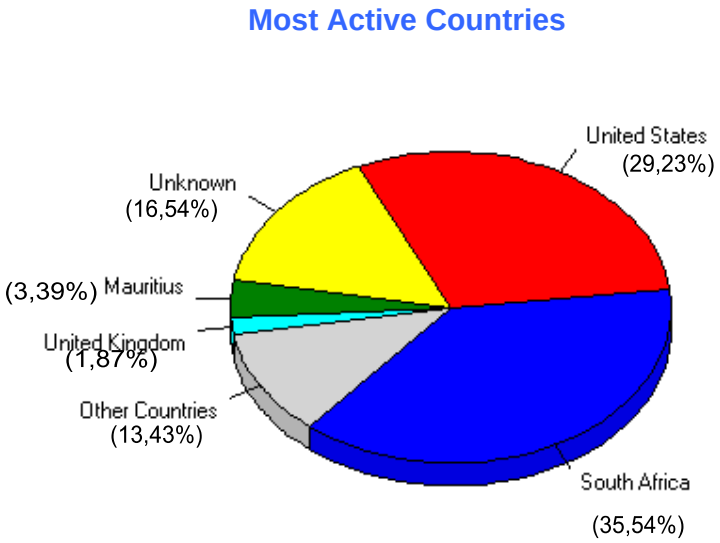
Product Development

- Production of the following promotional material:
    - 4 000 000 flyers
    - 201 lamp pole posters per event
    - 8 billboards per event
    - Loudhaling and distribution of promotional material
- Branding management
- Maintenance and improvement of an official municipal website (www.nelsonmandelabay.gov.za).

The table below illustrates the increase in the number of visitors to the website, as well as the bandwidth usage.

Month	Hits	Visitors	Bandwidth (KB)
Jun 2009	4,161,724	107,588	85,728,243
Jul 2009	3,511,720	73,100	63,452,579
Aug 2009	3,597,255	69,378	72,876,626
Sep 2009	4,055,656	77,453	84,252,885
Oct 2009	3,526,560	87,640	72,366,998
Nov 2009	3,578,301	78,714	71,133,394
Dec 2009	2,849,195	66,207	61,422,570
Jan 2010	3,532,926	77,388	71,249,708
Feb 2010	3,604,638	83,952	64,155,075
Mar 2010	4,155,781	86,338	65,956,769
Apr 2010	4,322,179	95,041	74,481,440
May 2010	5,173,239	116,320	111,299,246
Jun 2010	6,887,853	180,968	189,923,329
Total	**52,957,027**	**1,200,087**	**1,088,298,862**

The chart below illustrates the most frequent visitors to the website per country.



Public Relations and Events Management

The 2010 FIFA World Cup™ was the focus of many public relations and events activities during the review period. Events included support rallies for Bafana Bafana and the creation of sense of "World Cup" ownership among community members, such as the Open Day at the Stadium, the Women's Day event, Zone 365/100, Proud Host City and 2010 Feel it in the Air campaigns.

Hosting and/or exhibiting at a number of national and local exhibitions, conferences and trade shows ensured that the Municipality maintained good community relations and kept the public informed. These included the Confederations Cup, FIFA Final Draw, Tourism Indaba, Career Day, AMEU Conference and the Automotive Week.

The Public Relations Unit is in constant liaison with all municipal directorates to ensure that effective public relations related activities, communications plans and strategies and events management practices are developed and implemented. Furthermore, "Walk with Wayile" was introduced on the municipal website as a weekly Mayoral update to portray and recognize exceptional service delivery.

INTERNATIONAL AND INTERGOVERNMENTAL RELATIONS

A dedicated External Relations Unit is located in the Office of the Chief Operating Officer, which co-ordinates the Municipality's International Relations Policy and Intergovernmental Relations Framework, which were respectively adopted on 28 March 2002 and 19 September 2007.

Quarterly Technical Support Group meetings and Premier's Co-ordinating Forum meetings are held.

Some of the IGR meetings attended during the review period are reflected below:

- Attend the National Development Planning Forum of the Department of Local Government during 11 to 13 August 2009.
- Attendance of the Department of International Relations and Cooperation Consultative Forum on 25 August 2009.
- Inwent Workshop in preparation for hosting the 2010 Soccer World Cup 14 to 16 September 2010.
- Funeral Arrangements for Pebco 3 and Cosas 2 that took place in October 2009.
- Arrangements for the National Children's day celebrations 6 to7 November 2010.
- Arrangement of Protocol training in preparation for the 2010 World Cup on 2 to 3 December 2009.
- Attended the SALGA Governance, IGR and IR working group meeting on 18 February 2010.
- Arrangements for a visit by the Consular Corps to the Eastern Cape 16-18 March 2010.

Partnerships and their status quo:

International Partnerships

Currently there are nine signed agreements of which the following seven are active:

- Göteborg, Sweden
- Jacksonville, Florida, USA
- Ningbo, China
- Annaba, Algeria
- Wakhinane Nimzath, Dakar, Senegal

- Beira, Mozambique
- Tyne and Wear Museums, Newcastle, North East England

Göteborg

- The Göteborg Partnership is by far the most active and effective of the Municipality's partnerships. The projects concluded, focused on capacity building in the following areas:
    - Benchmarking of customer care systems within Waste Management;
    - Air quality methodologies within Air Quality Management;
    - Design of an effective environmental policy to address environmental challenges; and
    - Roll-out of youth clinics.
- Further funding has been provided to continue with projects on the following matters for 2009 – 2011:
    - Sustainable communities.
    - Environmental management.
    - Air quality management.
- Further project proposals focusing on the following will be submitted for consideration during 2010:
    - Inner-city development.
    - Sustainable communities.
    - Cultural activities between cultural houses in Göteborg and libraries in NMB.
    - Events management.

Ningbo

With regard to Ningbo, the focus is currently on agri-tourism marketing and promotional activities to position both cities as preferred destinations.

Jacksonville

Focus areas are around economic development, trade, culture, education, science and technology, environmental issues and governance.

Tyne and Wear Museums, Newcastle, North East England

The focus is on museums, culture, heritage and visual arts.

African cities

The focus in partnerships on the African Continent is on the provision of support and capacity building in various focus areas.

Annaba, Algeria

In terms of the partnership with Annaba, Algeria, a working visit was undertaken in June 2009, in which business representatives from the Metro participated. This culminated in an agreement to sign an MOU between the business sector in Annaba and the local business sector in Nelson Mandela Bay. The Municipality was requested to provide expertise and assistance in the area of energy efficient street lighting. In this regard, a financial and technical model has been developed and a technical working visit will be undertaken to Annaba in the first quarter of 2010 to discuss the model. A representative from the Central Energy Fund and a local service provider will participate in the visit to test the model.

Wakhinane Nimzath, Dakar, Senegal

The focus of this partnership is to provide support and capacity development to Wakhinane Nimzath.

Beira, Mozambique

The focus of this partnership is on infrastructure, engineering, waste management and environment, town planning and tourism.

Dutch Partnership - Stichting Steun NMB

This partnership is currently inactive.

Lobatse, Botswana

This partnership is currently inactive.

Intermunicipal Partnerships

A key priority for the Municipality is to share experiences, knowledge and support with its surrounding municipalities. In this regard, the Municipality has concluded partnerships with Nxuba and Cacadu as well as a co-operative arrangement with the Sunday's River Municipality. Salient points regarding these partnerships are provided below.

Nxuba

- The MOU between the NMBM and the Nxuba Municipality was signed in Nelson Mandela Bay on 17 November 2006, with a view to promote and facilitate intergovernmental relations between the two municipalities on matters of mutual interest including information sharing, best practices and capacity building and, more particularly, in the following areas:
    - Human resources development
    - Economic development and agriculture
    - Infrastructure and engineering
    - Sport, recreation and culture

- Environment and health services
- Legal and corporate affairs, and
- Any other matter of strategic importance, which affects the interests of the parties.

- Subsequently, the Municipality provided support with regard to electricity and energy challenges.
- On 25 February 2009, a technical visit was undertaken to the Nxuba Municipality to establish challenges and potential areas of support.
- It is anticipated that an agreement will be reached early in 2010 on the nature of the support and implementation of a framework.

Cacadu

- An agreement on friendship and cooperation with the Cacadu Municipality was signed on 17 November 2006, in terms of which the focus will be on the following matters:
    - The exchange of experience and knowledge on the different aspects of local government administration.
    - The development of co-operation in economic development and tourism. This will focus on encouraging co-operation between the business communities, especially medium- and small-sized businesses, of both local government entities.
    - The promotion and support of mutually beneficial infrastructural development.
    - Any other matter of strategic importance that affects the interests of both municipalities.
    - International relations, for mutual benefit.

- In August 2008, with the support of GTZ, the two institutions developed a co-operative action plan to promote development. The areas of focus are:

- Agriculture and agro processing.
- Spatial development and land use management.
- Institutional capacity and shared services.
- Transportation and strategic infrastructure.
- Urban regeneration and CBD renewal.
- Strategic partnerships with higher education institutions.
- Regional branding and marketing.
- Strategic development.

Discussions on the development of an implementation framework are continuing.

Furthermore, the Nelson Mandela Bay Municipality, the Cacadu District Municipality, the Sunday's River Municipality and the Provincial Government went on a joint information gathering visit to Thailand and China in October 2006. Subsequent to the visit, Ningbo donated two tractors to the Sunday's River Municipality to use in their community agriculture projects.

In May 2008, the Cacadu District Municipality attended the annual Ningbo Tourism Festival, together with Nelson Mandela Bay Tourism. The Partnership cities were invited to showcase their tourism products, for mutual benefit.

LEGAL SERVICES

The Municipality has a functional Legal Services Unit under the Chief Operating Officer supported by 14 permanent and 1 temporary staff member.

Key functions of Legal Services include:

- Legal advisory services
- Property legal services
- Claims, collections and litigation services

- Labour law advisory services
- Contract management
- Legislative compliance and legal educational services

Performance with regard to the provision of legal services is reflected in KPE 5.3 in the table on page 154.

A new and more representative legal panel is in place, which ensures the more equitable distribution of legal work.

Statistical information on the matters handled by the Legal Services Sub-directorate are detailed below.

(a) Claims

- Public liability claims : 56

Public liability claims were mainly as a result of open man holes, uneven pavements, use of public facilities such as swimming pools and parks.

- Motor vehicle insurance claims : 131

Motor vehicle claims emanate from motor vehicle collision involving municipal vehicles initiated by third parties. The Municipality also counter claims against third parties for damages made to municipal property.

- Damages claims :52

Damage claims normally involve movable and immovable property. They result mainly out of actions of contractors damaging underground cables.

(b) Litigation

- Litigation cases : 92

(c) Contract management and legal compliance

- Contracts drafted and vetted : 79

(d) Corporate governance

- Unauthorised land use
  - Breach of NMBM zoning schemes : 119
- Access to information (PAIA)
  - Requests for information : 39
- By-laws
  - Volume 1 of the Municipal Code was constituted.
  - By-laws developed : 10

(e) Labour law related matters
  - Labour law matters referred to Legal Services : 112

AUDIT OPINION FROM OFFICE OF THE AUDITOR-GENERAL

The progress of the Municipality with regard to the audit opinion received from the Office of the Auditor-General is reflected below:

FINANCIAL YEAR	**2006/07**	**2007/08**	**2008/09**	**2009/10**
Opinion	Qualified opinion (with 1 qualification)	Unqualified opinion	Unqualified opinion	Unqualified opinion

AUDIT COMMITTEE FUNCTIONALITY

The Audit Committee comprises four external members: Prof D Rosenberg (Chairperson); Ms R Landman-Shaw; Mr K Pather and Mr R Ortlieb. The previous Chairperson of the Audit Committee, Mr ZG Zamisa resigned with effect from 31 May 2010 and Messrs Pather and Ortlieb joined the Audit Committee from 21 June 2010. As required by the Audit Committee Charter, four meetings were held during the year (on 30 September 2009;

27 November 2009; 26 March 2010; and 24 June 2010). The external members achieved a 92% attendance rate. Administrative support to the Audit Committee was provided by the Internal Audit and Risk Assurance Division.

A total of 13 resolutions emanated from the meetings of the Audit Committee for the four quarters. All resolutions were addressed either administratively or through actions/submissions by relevant directorates.

Issues of concern raised by the committee during the year included:

- The implementation of formal institutional risk management processes and the extent to which serious instances of fraud and corruption are being addressed by the Municipality.
- The Audit Committee not being consulted on matters relating to the suspension and investigation of top officials;
- The number of deviations from the Supply Chain Management Policy;
- Anticipated costs and shortfalls with regard to the Nelson Mandela Bay stadium;
- Poor attendance of Audit Committee meetings by Executive Directors and Senior Managers;
- The ability of the municipality's Information Technology Systems to be supportive of risk management and to avoid possible abuse and fraud of municipal assets;
- The potential risk of organised businesses taking the Municipality to court over the loss of business and profits as a result of the delays in the construction of the Bus Rapid transport system;
- Risk management;
- The addressing of issues that may result in a qualified audit report;
- Delays in finalisation of some forensic cases and the need to improve internal capacity to handle these matters expeditiously.

INTERNAL AUDIT

In terms of the 2009/2010 Internal Audit Plan, Internal Audit and Risk Assurance planned to complete 39 internal risk based audits (including ADHOC assignments) relating to the 2009/2010 year. A total of 32 internal audits were completed. The remaining 7 internal audits are at an advanced stage of completion. All audit reports were submitted to the Audit Committee at the quarterly Audit Committee meetings during the year under review.

ANTI-CORRUPTION STRATEGIES

The Council has anti-fraud and anti-corruption strategies in place, which were reviewed during the year with input from National Treasury. The reviewed strategies were tabled at a Mayoral Committee meeting and are currently undergoing further consultation.

In the course of the 2009/2010 financial year, 83 new cases were reported, either via the Anti-fraud Hotline or directly to Internal Audit. Thirty cases reported during the previous financial year were still under investigation. A total of 10 cases reported during the 2009/10 financial year were concluded by 30 June 2010. Challenges in investigating the reported suspicions of fraud included the lack of specific and accurate information as well as limited internal resources to deal with the increasing case demand.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Municipality's ICT Strategy, which was developed by the Information and Communications Technology (ICT) Steering Committee, provides the documentary framework within which the information systems infrastructure of the Municipality may be developed and expanded to meet the current and future demand for ICT facilities and decision-supporting information.

In the review period, the Municipality spent R5 490 860 on the development of application software to support service delivery, primarily in the area of financial systems, with emphasis on the Stores & Creditors System and the

General Ledger System. In particular, the Municipality was able to implement the Componentization of Fixed Assets, as required by National Treasury, on time.

Slightly more than R14 million was spent on information technology infrastructure, primarily on the provision of additional data storage capacity to accommodate the vast increase in data required by the Componentization of Fixed Assets, and the implementation of further phases of the "Voice-over Internet Protocol" telephone system. Various upgrades to the network and the main application servers were also undertaken to ensure that the information processing capacity matches user demand.

GEOGRAPHICAL INFORMATION SYSTEM (GIS)

GIS within the NMBM has grown and continues to grow at a substantial rate as all users on the network have access to the GIS web application namely, CorpGIS. This is evident from the statistics that indicate that the number of users have approximately doubled over the past year. The current GIS environment is stable and the data is being maintained and kept up to date albeit via manual processes. A key project that will have a significant impact on the NMBM as a whole is Project ILIS (Integrated Land Information System), which commenced in November 2009. The project involves developing and implementing automated workflows and improved business processes that will enhance all aspects of land management. Essentially, Project ILIS will become the master of all property information from where it will be deployed to other applications that require property information such as the Billing System, Lamacs (Municipal Land Asset Management System) and Value Assist (Valuation System). In addition to integrating the existing systems, new applications will be developed as part of Project ILIS which include a building plans management system and a housing delivery management system. To ensure that Project ILIS is sustainable, a support structure has been identified and will need to be implemented before the project concludes in October 2012.

OPERATIONAL EFFICIENCIES

The Municipality established an Operational Efficiencies Task Team, comprising the Office of the Chief Operating Officer, the Budget and Treasury Directorate and the Corporate Services Directorate, tasked to identify areas of wasteful expenditure, develop intervention strategies, and monitor the implementation thereof. This Task Team reports to the Municipal Manager.

In the year ahead (2010/11), the Municipality will:

- Review and strengthen the Municipality's anti-fraud and anti-corruption strategies and its investigation capacity.
- Strengthen risk management.
- Review and strengthen the Municipality's external relations programmes.
- Develop an integrated comprehensive approach and review of structures and programmes on special sectors.
- Pursue all intergovernmental challenges in the Metro together with the Provincial and National Government.
- Lobbying with the provincial government for the integration of the work of Community Development Workers into municipal programmes and activities.
- Developing and implementing a comprehensive strategy and programme to enhance the functionality of the Ward Committee system.
- Implementing to customer care system and model.
- Developing and implementing an action plan to deal with issues raised in the Auditor-General's Report and provide quarterly progress reports.
- Developing and implementing a comprehensive capacity building programme for Councillors.
- Developing and implementing a community capacity development and education programme to inculcate a sense of civic responsibility.

SPECIAL CROSS-CUTTING PROGRAMMES

The Municipality's performance in respect of cross-cutting issues are reflected in the table below.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
6.1 MURP					
6.1.1	Mobilisation of funding for the construction of Motherwell Thusong Service Centre	R 40.5 million	R 46 million	R12,5 million	Funding has been secured from National Treasury in the amount of R12,5 million for the Motherwell Thusong Service Centre.
6.1.2	Construction of the Motherwell Thusong Service Centre	N/A	By June 2010	Target not met	Funds were not secured, and all secured funds were not placed into the coffers of the NMBM. The target was unrealistic (over estimated) i.e. on a budget of R46.2 million to spend R4 million per month on a limited building site was an impossible task by one contractor and consultant. Original project completion date according to Consultant's progress report is November 2010. A zero-rating of contractor's invoices by Principal Agent also led to temporary delays in construction.
6.1.3	Construction of Ikamvelihle pedestrian bridge to reduce accident road death	N/A	By June 2010	Bridge is 85% complete	Bridge is under construction and is 85% complete. Works have been suspended in terms of FIFA agreement - no construction work on major routes during world cup.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
6.1.4	Construction of Nelson Mandela Peace Park	N/A	By June 2010	Target not met	Consultant was appointed; and the final designs were completed and contractor was appointed. Project was put on hold due to the FIFA 2010 WC, as it was anticipated that the park would be used for the local community to experience the atmosphere of the event.
6.1.5	Finalisation of Motherwell Signage Project	N/A	By June 2010	Target not met	The Project encountered start-up delays due to unforseen needs verification of field workers information before project commencement. Furthermore, there was a need to consult with property owners prior to the implementation of the project, this caused additional delays. Consultant was appointed and design and planning work has now been undertaken.
6.1.6	Establishment of Motherwell Golf Course	N/A	By June 2010	Target not met	Delays were encountered due to the non-availability of a suitable site, EIA approval and the outcome of the Feasibility Study, which was not convincing. A Feasibility Study will now be completed (undertaken) to determine if the project is feasible taking into account PMBOK (Project Management Book of Knowledge) considerations.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
6.1.7	Development of Addo Tourism Corridor Business Plan	N/A	By December 2009	Target not met	The instability with MURP in respect of the appointment of a Coordinator and a Physical Cluster Coordinator caused delays in various projects, of which the development of a Addo Tourism Corridor was one of them.
6.1.8	Development of Community Public Participation Structure	N/A	By July 2009	Target met	This was launched in February 2009. A follow-up workshop was held in November 2009, which SPD facilitated.
6.2 HURP					
6.2.1	Number of local contractors capacitated	N/A	10	8	
6.2.2	Number of community members trained	0	225	235	
6.2.3	Upgrading of infrastructure Construction of Multipurpose Community Centre	N/A	Construction Multipurpose Centre	Target not met	Detailed design completed. Tender delay as sub-division and rezoning of site approved on 4 June 2010. Tender advertised on 8 September 2010. Tender to be evaluated on 15 December 2010.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
6.2.4	Development of a crime prevention strategy for Helenvale	N/A	By June 2010	Strategy developed and implemented	Strategy developed. Aspects thereof are already being implemented. Other aspects are subject to further consultation by stakeholders and community.
6.2.5	Number of new public park areas upgraded	N/A	6	0	0 parks upgraded. Upgrade of parks have been integrated with the developed Helenvale Community Precinct. Detailed design have been completed. Tender documents have been completed. Tender to be advertised in July 2010.
6.3 2010 FIFA World Cup					
6.3.1	% adherence to the 2010 Host City Agreement	100%	100%	100%	SANRAL ruling did not allow for the type of advertising as required at the city gateways.
6.3.2	Number of fully functional workstream meetings held	N/A	3 meetings per quarter	Target met	A total of 25 meetings were convened between 01 April 2010 and 30 June 2010: April 2010 = 2, May 2010 = 8, June 2010 = 15.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
6.3.3	Number of facilities upgraded as training venues according to FIFA standard	Gelvandale Stadium: Contractor on site, NMMU and Zwide are identified but no construction	3	2	Gelvandale Stadium upgraded to FIFA standard to the cost of R65 million. Nelson Mandela University upgraded to FIFA standard to the cost of R2 million. Zwide Stadium was upgraded under the guidance of EDRS Directorate.
6.3.4	Number of flagship events hosted	2 (Open day General Public, Southern Kings XV Rugby Team vs British/Irish lines)	2	8	Events hosted for 2009/2010 year: Premier Football challenge - 4 teams - 4 July 2009 Vodacom Challenge - Chiefs v Pirates - 23 July 2009 Brazilian Legends v Bafana Bafana Legends - 9 August 2009 - National Women's Day Highway to Africa - 400 African Journalists - 6 September 2009 Bafana Bafana v Japan - 14 November 2009 Bay United v Korea Republic - Practice match for 2010 FWC Official Opening including plaque unveiling - 28 February 2010 Orlando Pirates v Gaborone United - 28 February 2010.
6.3.5	Appointment of fan park operator	Stadium operator appointed	By August 2009	Target met	Magnetic Storm (Pty) Ltd appointed as the fan park operator.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2009/10	ACTUAL 2009/10	EXPLANATION OF VARIANCE / COMMENTS
6.3.6	Development of a 2010 Soccer Development Programme	Linked to contract of stadium operator	By August 2009	Target met	Development Programme included: SAFA level 1 coaches course: 28 certified, 20 trained not yet certified SAFA level 1 referees course Support of National Juniors Tournament during July 2009 and July 2010.

PART 3 FUNCTIONAL AREA SERVICE DELIVERY REPORTING

3.1 General information

	NELSON MANDELA BAY METROPOLITAN MUNICIPALITY GENERAL INFORMATION		
Reporting Level	**Detail**	**Total**	
Information:	*Statistical information*		
	Geography:		
1	Geographical area in square kilometres Note: Indicate source of information	1950km² (GIS, Demarcation Board)	
	Demography:		
2	Total population Note: Indicate source of information	1050927 (STATSSA Community Survey 2007)	
3	Indigent households Note: Indicate source of information and define basis of indigent policy including definition of indigent	108 655 households (municipal database)	
4	Total number of voters	566 668	
5	Age breakdown: - 65 years and over - between 40 and 64 years - between 15 and 39 years - 14 years and under Note: Indicate source of information	 58128 249861 480934 262006 (STATSSA Community Survey 2007)	
6	Household income: - No income and R801 – R1600 per month - R1601 – R3200 per month - R3201 – R6400 per month and above Note: Indicate source of information	 811466 53505 115780 (STATSSA Community Survey 2007)	

3.2 Finance and Administration function's performance

Function:	**Finance and Administration**		
Sub-Function:	**Finance**		
Reporting Level	**Detail**	**Total**	
Overview:	This overview covers all activities relating to the finance function of the Municipality, including revenue collection.		
Description of activity:	The Municipality's mandate: The Budget and Treasury Directorate of the Municipality is committed to its mandate to provide a comprehensive financial management service to Council and the other directorates of the Municipality. The Directorate supports the Integrated Development Plan of Council by striving to provide a stable and sustainable financial environment from which Council can deliver services to all residents of Nelson Mandela Bay. Objectives of the Directorate: • To improve revenue enhancement and growth • To maximise revenue streams • To empower customers and improve customer care • To promote broad-based economic empowerment • To promote an effective cash and risk management system • To enhance sound financial management • To promote an effective and efficient expenditure system Key Performance Areas: • Ensuring an IDP-based balanced budget, which enhances financial sustainability and is approved in terms of the legal framework. • Ensuring sustainable and improved revenue generation and collection. • Providing efficient and effective cash management and asset risk management systems. • Providing an efficient and effective expenditure management and control process. • Ensuring a sound and legally compliant system of financial management, advice, control, accounting and reporting. • Providing effective and efficient customer service centres.		

1	**Debtor billings**		
	Water		50,246
	Gas		N/A
	Electricity		112,889
	KVA		
	Sewerage		20,417
	General rates		46,381
	Refuse		9,390
	Total		**239,323**

2	**Debtor collections**		**3,401,904**

3	**Debtor analysis**

Rates and General: Ageing	**2010**
Current (0-30 days)	71,876,929
31 - 60 Days	18,321,973
61 - 90 Days	15,400,704
Over 90 Days	339,628,448
34 - 60 Days	**445,228,054**
Electricity: Ageing	
Current (0-30 days)	217,645,326
31 - 60 Days	24,809,053
61 - 90 Days	7,405,779
Over 90 Days	111,187,724
Total	**361,047,882**
Water: Ageing	
Current (0-30 days)	112,733,674
31 - 60 Days	29,082,609
61 - 90 Days	19,784,596
Over 90 Days	150,741,721
Total	**312,342,600**
Refuse: Ageing	
Current (0-30 days)	16,900,185
31 - 60 Days	3,490,530
61 - 90 Days	2,823,196
Over 90 Days	60,755,514
Total	**83,969,425**

Sanitation: Ageing	
Current (0-30 days)	27,946,883
31 - 60 Days	9,269,988
61 - 90 Days	5,470,044
Over 90 Days	85,934,239
Total	**128,621,154**
Housing Rentals: Ageing	
Current (0-30 days)	700,454
31 - 60 Days	395,946
61 - 90 Days	357,392
Over 90 Days	11,731,932
Total	**13,185,725**

	INTEREST		**INTEREST**
	Electricity		35,445
	Water		41,323
	Sewerage		23,417
	Refuse		16,026
	General rates		36,014,
	General service charges		6
	Sundry income		49,526
	Total interest		**202,918**

4	**Write-off of debts**		190 232

5	**Property rates (residential) - EXCL. R15,000**		**(000)**
	Number and value of properties rated	211,534	R77,198,019
	Number and value of properties not rated	6,310	R678,942
	Number and value of rate exemptions	161	R115,960
	Rates collectible for the **2009/10** financial year	-	R397,335

6	**Property rates (Business & commercial and industrial)**		
	Number and value of properties rated	6,717	R21,264,818
	Number and value of properties not rated	218	R 3,029,397
	Number and value of rate exemptions	557	R 1,530,036
	Rates collectible for the 2008/09 financial year	-	R 239,256

7	**Property valuation**		
	Year of last valuation	2008	**-**
	Regularity of valuation	4	**-**

8	**Indigent Policy**		
	Number of households affected	108 655	
	Total value		R264 701

9. Top 10 Creditors Paid

Supplier Code	Supplier Name 1	Total EFT Paid
360	Eskom	1,314,844,176.46
24550	PENNY FARTHING ENGINEERING SA PTY LTD	183,304,528.81
2905	Department of Water Affairs & Forestry	78,902,127.03
18620	Alfdav Construction cc / SBT Construction (East Cape) Pty Ltd	75,837,840.52
2711	Development Bank of Southern Africa	63,636,196.54
33169	MASAKENI CONSTRUCTION PTY LTD	63,495,381.52
24435	Mandela Bay Development Agency	61,400,692.59
3844	ZAMA PROJECTS	60,025,416.09
657	ABSA CAPITAL	59,336,054.80
37780	CYPRESS CONSTRUCTION CC	55,826,822.42

10. Credit Rating

Credit rating of Aa3.za in place.

11. External loans as at 30 June 2010

Local Registered Stock

LOAN NO.	INTEREST RATE %	YEAR	DATE REPAYABLE	BALANCE AT 30 June 2009 R	RECEIVED DURING THE YEAR R	REPAID DURING THE YEAR R	BALANCE AT 30 June 2010 R
1	16.90%	2000	30-06-2011	1,619,645	0	1,619,645	**0**
279	16.40%	2000	26-09-2009	1,184,917	0	0	**1,184,917**
				2,804,562	0	1,619,645	**1,184,917**
Development Bank of Southern Africa	9.38%			171,395,159	0	20,208,522	**151,186,637**
Amalgamated Banks of South Africa	18.85%			255,000,000	0	30,000,000	**225,000,000**
Development Bank of Southern Africa	11.50%			0	420,000,000		**420,000,000**
Nedbank	11.70%			0	745,000,000		**745,000,000**
				429,199,721	**1,165,000,000**	**51,828,167**	**1,542,371,554**

12. Delayed and Default payments

Zero.

3.3 Planning and Development function's performance

Function:	**Planning and Development**		
Sub Function:	**Economic Development**		
Reporting Level	**Detail**	**Total**	
Overview:	Local economic development is a dynamic and sustainable process, which creates wealth and raises living standards. This has a number of implications, including increased entrepreneurial and business activity, as well as the improved material status of citizens through access to resources and basic services. The Municipality's Economic Development Strategy seeks to improve the Metro's global competitiveness and simultaneously reduce poverty. Effectively, this Strategy recognises that Nelson Mandela Bay is part of the global economy and needs to ensure that it creates a safety net for the poor. The Municipality is committed to transforming Nelson Mandela Bay into a globally competitive and preferred destination for investors and tourists. The work of the Municipality in developing the local economy is complemented by a number of fora, such as the LED Forum, the Economic Advisory Panel and the GDS Co-ordinating Forum. In addition, a number of development agency boards are operative in Nelson Mandela Bay. The Municipality has identified priority areas to ensure that the economic development goals of Nelson Mandela Bay are achieved. These strategic priorities include the following: a) Promoting investment and maximising the economic potential of Nelson Mandela Bay and the region by supporting priority economic sectors with job creation potential. b) Providing basic services and poverty relief to the most needy. c) Creating an enabling environment for economic development and growth by – - providing the required infrastructure for growth and development; - streamlining administrative processes and procedures; - providing one point of entry and support for investors and business; and - providing a forum for business interaction and consultation. d) Prioritising community empowerment and skills development, focusing on scarce skills. e) Supporting the Second Economy through – - supporting and increasing the business and entrepreneurial activities of emerging businesses and informal traders; - SMME development and co-operative support; and - procurement management.		
Description of activity:	The function of economic planning/development within the Municipality is administered as follows and includes: **Economic growth and development** - To create an enabling environment for economic growth, To stimulate sectors that promote economic growth and job creation **Investment facilitation and promotion** - To facilitate and promote investment in Nelson Mandela Bay **Business support** - To support and grow new and existing businesses		

	To support and grow new and existing businesses - To promote broad-based economic empowerment **Military Veterans and special sector support** - To empower and capacitate Military Veterans and special sectors **Recreational Services** - To ensure beaches and resorts meet set standards of excellence and are safe and user friendly. - Provision of safety (Lifeguards) on 13 bathing beaches, 3 of which had Blue Flag status. **Arts, culture and Libraries** - To promote an economic environment for arts, culture and heritage, To promote a culture of reading and learning through the provision of library services **Heritage and museums** - To promote and preserve cultural and historic heritage **Poverty and job creation** - To contribute to halving unemployment by 2014 through the delivery of public and community services **2010 FIFA World Cup** - To ensure that the Municipality meets its responsibilities in terms of the 2010 host city agreement and beyond **Development of sports codes Metrowide** - To promote different sporting codes amongst Metro communities		
	The key issues for 2009/10 are: **Trade and Investment:** ▪ Implementation of the Skills Development plan. ▪ Implementation of a programme to support emerging contractors. • Operationalising of the NMB Community TV Station aimed at developing and growing the creative industry in Nelson Mandela Bay. • Investigations into possible industries for diversifying the economy – especially the creative industries, maritime. • Establishment of the Co-operative Development Centre in partnership with NMMU. For additional issues, refer to Chapter 3 : Local Economic Development.		
Analysis of the Function:	*Statistical information:*		
1	Number and cost to employer of all economic development personnel:		*R (000s)*
	- Professional (Directors / Managers)	*R8 898 520*	*R8 515 790*
	- Non-professional (Clerical / Administrative) - included in above		
	- Temporary	*R995 080*	*R868 000*
	- Contract **-** same as above		
2	Detail and cost of incentives for business investment:		*R (000s)*
	There was no investment incentives awarded during 2008/9 financial year.		
3			
	Detail and cost of other urban renewal strategies:		*R (000s)*

	- **Njoli Square Redevelopment**: This project comprises the development of a civic centre, supported by public transport, commercial (formal and informal) and tourism facilities in the heart of one of the oldest dormitory suburbs in Port Elizabeth. All seventy five (75) properties within the footprint area have now been valuated. The Conveyancing Attorneys have progressed well and, to date, have signed up agreements with 59 land owners.		*R121 m*
	- **Motherwell Urban Renewal**: Five sub-projects in Motherwell were identified for funding: Tyinira Precinct Design, cultural activity centre, hawkers' facilities, upgrade of public transport, and an SMME industrial hive. The MURP Office has identified 2 sub-projects to be implemented with the funding; Motherwell Thusong Service Centre and the development of a public open space. Business Plans for these two projects were prepared and National Treasury has accepted this. The construction of the Motherwell Thusong Service Centre is progressing well according to plan. This project, will cost R46 M to complete.		*R29,15 m*
	- **Red Location Precinct**: This project is funding an Art Gallery specialising in local and "struggle" art and a library. The library incorporates: - A virtual library (computer terminals, not books); - A computer training facility, to enable people to learn how to use the virtual library; - Archive storage for the City's historic and invaluable collection of books, documents, newspapers and maps of Port Elizabeth and Uitenhage. This will include a reading room for scholars; - A display area, where the history of Port Elizabeth / Uitenhage will be shown through documents, maps, newspapers, etc. The contractor moved onto site during June 2009 and the Art Gallery is 80% complete. The Library is about 65% complete. Both buildings will be completed and handed over during January 2011. To date the contractor has spent R14 M.		*R25 m*
	- **Walmer – Fountain Road Upgrade:** This project is located in the Gqebera Township. It can be best described as a "focused urban renewal" project. It consists of a number of sub-projects ordered along the strip or corridor between Heugh Road, Walmer and the Community Hall at the southern end of Fountain Road. The sub-projects include the following: • Pedestrian improvements to Fountain Road • Public Square to south of community hall • Upgrading of existing community hall • Construction of new Multi-Purpose Hall between Heugh Road and railway line • Extensions to the existing Walmer Enterprise Village • SMME facilities • Taxi facilities The construction of a Community Park is complete and the park will be launched during September 2010. Council approved the business plan for the entire project during April 2009. National Treasury has approved the business plan (January 2010) allowing for the following projects that are being planned: Pedestrian Upgrade, Advice Centre and Youth Centre.		*R52 m*
	- **Helenvale Upgrade:** The funding for this project is being used to prepare a business plan, construct a multi-purpose centre, upgrade sidewalks and develop community parks.		*R71 m*

4	The Business Plan for Helenvale has been approved and the following sub-projects will be funded: a multi-purpose centre, upgrade sidewalks and develop community parks. The business plan for the sidewalks was approved by National Treasury during September 2009. The tender for the construction of the sidewalks was advertised in November 2009. The contractor has been on site since June 2010 and the contract should be completed by November 2010. - **Science Centre:** A Science and Technology Centre is being implemented in the old Railway repairs and manufacturing workshop erected in 1876. It will be the first science and technology centre in the Eastern Cape. The contractor has done an excellent job and the building will be handed over at the end of August 2010. - **Despatch Brickfields Chimney:** During the previous financial year funding was received from MIG for the restoration of the Despatch Brickfields Chimney. This chimney has been in existence since 1899 and is one of the oldest and most remarkable landmarks in South Africa. The restoration was completed, but funding was needed to upgrade the access road, erect proper signage and pave the area around the chimney so that it becomes an attractive tourist attraction. This will be done in the next financial year. - **Multi Purpose Centres:** There are 4 Multi Purpose Centre projects. The status of the 4 centres are as follows: Wells Estate: The contractor (SBT) moved onto site on 27 July 2009. This contract period will be 14 months. The contract value is R14,7M. Practical completion is estimated to be 27 October 2010. At this stage approximately 75% of the work is complete and the contractor is performing well. Govan Mbeki: The Zama Projects won the tender. The contractor was introduced to the ward Councillor on 13 May 2010. The site was handed over to the contractor on 21 May 2010. The contract period will be 16 months and the contract value is R16,5 M. Soweto-on-Sea: The multi purpose centre will be developed on Erf 59714 in Mbanga Street, Soweto-on-Sea. Provincial Department of Housing Local Government and Traditional Affairs is funding this centre and is also overseeing the construction. The tender was advertised in the local newspapers on 18 September 2009 and the tenders closed on 8 October 2009. The Zama Projects won the tender. The site was handed over to the contractor on 25 May 2010. The contract period will be 18 months and the contract value is R17,6 M. Chatty: A site has been identified in the Chatty area that is part of the Zanemvula Project. A working relationship is being established with the Premier's Office to combine the multi purpose centre and the Thusong centre. A funding application was submitted in December 2008 to Provincial Department of Housing Local Government and Traditional Affairs for funding. An indication has been given by Province that the outcome of the application will be known later this year. - **Govan Mbeki Avenue – Phase 1** Numerous infrastructure and service problems have been experienced in the street. Now that the project has been completed, the earth-moving equipment has been removed except for a number of problems in respect of parking, the business and property owners are generally happy with the		*R34 698 593*

	progress made. - **Parliament Street** The upgrade of Parliament Street commenced in 2008 and was completed in March 2009. This Street has a completely different character to Govan Mbeki Avenue. Govan Mbeki Avenue has a strong retail and office component, whereas Parliament Street has been designed in such a way that it will be a catalyst for entertainment, tourism and leisure to revive the area. - **Govan Mbeki Avenue Environmental Upgrade – Phase II** Phase Two is proceeding as anticipated. Work in Govan Mbeki Avenue itself will be completed by end of September 2009, which will enable improved trading during the Christmas season. - **Strand Street Environmental Upgrade** The Strand Street Consortium (comprising Arcus Gibb and Imbono Architects) has completed the feasibility, planning, traffic analysis, research, consultation and concept design phases of the project. - **International Convention Centre (ICC)** This RFP has been put on hold, pending the outcome of the Casino Bid process. - **Tramways Building Redevelopment** The MBDA has received the necessary permit from PHRA to enable work to proceed. It is anticipated that the development will now commence in January 2010 but will not be ready for the 2010 FIFA World Cup™. - **Uitenhage Market Square Upgrade** Council has approved an amount of R15 million so that the MBDA proceed with the upgrade. This upgrade involves: a. Lighting, trees, planting, and paving. b. The rationalisation of parking on the perimeter of the Square to enable the space to be opened up as a people's space. c. Kiosks for informal traders. d. A piece of public art/Statue to commemorate Enoch Sontonga. e. A state-of-the-art clock to celebrate Uitenhage's status as a technology and industrial node. - **Local Spatial Development Framework (LSDF) for the Greater Happy Valley Area** • Recommendations will be made on the development of a well-conceived leisure and recreation area, contributing to tourism in the City.		*R18 313 116* *R30 567 305* *R3 108 266* *R293 343*
	Number of people employed through job creation schemes:		
	- Short-term employment	*117*	
	- Long-term employment	*141*	

3.4 Performance of Community and Social Services Function

Function:	**Community and Social Services**
Sub-function:	**All inclusive**

Reporting Level	Detail	Total	
Overview:	This overview covers all activities associated with the provision of community and social services. This Municipality will develop and upgrade local sports facilities. Nelson Mandela Bay's stature as the host of national and international sporting events is growing, following its securing of major competitions such as the International Iron Man and Sevens Rugby. For many years, the Bay has been known as the Watersports Capital of Africa, hosting a variety of well-known annual watersport events and angling competitions, such as the Splash Festival and the Algoa Bay Tuna Classic. In order to fulfil its legal obligations, the Municipality needs to identify and grade its heritage resources to ultimately provide a heritage resources management plan for the heritage resources in its care. One of the MSDF implementation strategies is the preparation of a heritage register. The NMBM has a wealth of heritage resources that are not known and are not well maintained. In order to be able to maintain them properly, a register is needed. In addition to the aspect of legislative compliance, the development of heritage resources will play a vital role in cultural tourism. The heritage resources will be included in the Nelson Mandela Bay Freedom Trail, which will ultimately feed into the Provincial Heritage Route. Nelson Mandela Bay prides itself in having two internationally acclaimed and award-winning museums, namely the Red Location Museum of Struggle and the Nelson Mandela Metropolitan Art Museum.		
	The function of providing various community and social services within the Municipality is administered as follows and includes:		
Description of activity:	• Recreational Services: *Strategic objectives:* To ensure beaches and resorts meet set standards of excellence and are safe and user friendly. *Key issues for 2010:* - Four beaches to be maintained with Blue Flag status • Arts and culture: *Strategic objectives:* - To promote and economic environment for arts, culture and heritage *Key issues for 2010:* - Mendi Bottle Store to be upgraded into an arts and culture centre by June 2010 - Asset to be acquired by NMBMM by December 2009		

	- 80 economic opportunities to be created (training, capacity building, exposure, etc.) in the promotion of arts and culture, coupled with ongoing advocacy and support of local artists - To promote a culture of reading and learning through the provision of library services. *Key issues for 2010:* - Two programmes to be developed and implemented by June 2010 • Heritage and museums: *Strategic objectives:* To promote and preserve cultural and historic heritage *Key issues for 2010:* - 2 heritage sites to be upgraded (Langa and Emlotheni) by June 2010 - 1 heritage site to be established/developed (Cradock Four) by June 2010 • Development of sport codes Metro-wide: *Strategic objectives:* - To promote different sporting codes amongst Metro communities - Implementation of Sports Development Programme *Key issues for 2010:* - Strategy and programme to increase the level of sports activity in communities to be in place by August 2009		
Analysis of the Function: 1	*Statistical information* Nature and extent of facilities provided: - Library services - Museums and art galleries - Other community halls/facilities - Cemeteries and crematoriums - Number of cemeteries upgraded - Number of cemeteries maintained - Sporting facilities (specify) (complexes and open fields) - Parks (Public Open Spaces) maintained - Customer Care Centres	*Number of facilities:* 22 static buildings 16 outreach sites 1 municipal museum and 1 art gallery 31 2 20 90 1481 (1397hect) 13	*Number of users:* ± 1,2million

2	Number and cost to employer of all personnel associated with each community services function:		*R(000)*
	- Library Services	179	R28 349 000
	- Museums and art galleries:		
	• Art Museum	19	R3 898,100
	• Red Location Museum	9	R2,222,500
	- Cemeteries and crematoriums	86	R11 373 730
	- Sports facilities	116	R28,714,200
	- Parks	285	R36 078 637
	- Other community halls/facilities	56	R4 438 296
3	Total operating cost of community and social services function		R115 074 463

3.5 Performance of housing function

Function:	**Housing**
Sub-function:	**N/A**

Reporting Level	Detail	Total	
Overview:	This overview covers all activities associated with the provision of housing.		
Description of activity:	The function of providing housing within the Municipality is administered as follows and includes: • To identify the needs of the community w.r.t. housing and services backlogs and to ensure that a realistic programme is prepared to achieve eradication in alignment with national targets. • To provide serviced sites to all qualifying beneficiaries and to follow that up with the provision of housing. • To ensure that all informal settlements are included in the implementation programmes, either as an in situ project, or as a relocation project. • To ensure that implementation programmes are properly coordinated, i.e. destination areas timeously prepared for relocation, and to ensure that all this is done as per the priority criteria set by Council. • To do proper financial planning, i.e. cashflow predictions to ensure reservation of funds in the three-year MTEF period. • To ensure the establishment of sustainable communities through proper planning and timeous interaction with all relevant intergovernmental stakeholders. • To introduce reliable tracking systems and data basis to assist in all monitoring and control activities in the housing delivery process. The main objective is to eradicate housing backlogs by upgrading of all informal settlements, thereby creating sustainable communities. The key issue for 2009/10 will be to gain momentum in the implementation of its Seven-year Housing Delivery Plan, and to secure the necessary funding from Province to achieve targets.		
Analysis of the function:	*Statistical information*		
1	Number and cost of all personnel associated with provision of municipal housing: - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Contract		*R (000s)* *R9 375 625.44* *R4 984 329.00* *R252 072.00*

2	Number and total value of housing projects planned: - Planned (2009/10)	 *7 900*	*R (000s)* *R500m*
3	Number and value of rent received from municipal owned rental units	3 500	*R525 771.13*
4	Type of habitat breakdown: - number of formal houses - number of informal dwellings - number of backyard shacks	 *289 000* *35 257* *49 009*	

Number and cost to employer of all Building Inspectors employed:		*R (000s)*
- Number of Building Inspectors	*21*	*4632*
- Temporary	*nil*	*nil*
- Contract	*nil*	*nil*

BUILDING PLANS INFORMATION FOR 2009/10:

Applications outstanding 1 July 2009	**Category**	**Number of new applications received during 2009/10**	**Total value of applications received (Rand)**	**Applications outstanding 30 June 2010**
None	All	9960	2647762686.75	none

INFORMATION ON ZONING PLANS FOR 2009/10:

Time taken to approve	**Number of approvals outstanding as at 1 July 2009**	**Number processed (approved)**	**Outstanding as at 30 June 2010**
28 weeks average (Rode report)	473 (Letter Register)	305 (Approval database)	341 (Letter Register)

3.6 Performance of waste management function

Function:	**Waste Management**
Sub Function:	**Solid Waste**

Reporting Level	Detail	Total	
Overview:	This overview covers refuse removal, solid waste disposal and landfill, street cleaning and recycling.		
Description of activity:	The refuse collection functions of the Municipality are administered as follows and include: 1. Domestic waste collection • Weekly black bag kerbside collection in medium to high income areas (formal areas). • Weekly black bag communal collection in informal areas. • Ten bags issued to households every two months. 2. Trade waste collection • Contractual service to business o Cubic metre bins o Frequency dependent on client 3. Cleansing services • Removal of illegal dumping on municipal owned land • Removal of dead carcasses (dogs, cats) within this residential area • Manual and mechanical road/street sweeping • Beach cleaning services • Cleaning of ablution facilities 4. Transfer stations • Formal and informal transfer stations o 16 formal transfer/garden waste sites and 53 informal sites o Used for excess and bulky waste o Proper signage: types of waste acceptable o To be converted into drop-off/recycling centres, e.g. Blue Horizon Bay Centre o Low income areas: One (1) centre for every 3 000 households in a proximity 500 m. 5. Waste disposal • Two general waste disposal sites (GLB) • +-422 930 tons of waste disposed o Koedoeskloof = 224 325 tons o Arlington = 422 930 tons The strategic objective of this function is to: • *To render quality waste management services to the community*		
	The key issues for 2010/2011 are: • *Creation of additional area space at Koedoeskloof landfill site* • *Development of two transfer/ recycling stations* • *Distribution of wheely bins as per housing development plan* • *Replacement of old wheely bins in Uitenhage (KwaNobuhle).*		

Analysis of the Function:	*Statistical information*		
1	Number and cost to employer of all personnel associated with refuse removal:		*87 189 460*
	- Professional (Engineers/Consultants)	*16 professionals*	*4 260 576*
	- Field (Supervisors/Foremen)	*18 Assistant Super-intendants*	*3 162 024*
	- Office (Clerical/Administration)	*12 (1 clerk, 5 depot clerks, 3 Community Liaison Officers, 2 Town Rangers, 1 Secretary)*	*1 463 916*
	- Non-professional (blue collar, outside workforce)	*561*	*78 302 944*
	- Temporary	*0*	*R0*
	- Gapfillers (Temporary Assistance)	*69*	*6 500 000*
2	Number of households receiving regular refuse removal services, and frequency and cost of service:		*279 896 (HH)*
	- Removed by Municipality at least once a week	*137 775*	*100 000 000*
	- Removed by Municipality less frequently	*106 002*	*71 000 000*
	- Communal refuse dump used	*35233*	*22 680 540*
	- Own refuse dump	*Undetermined*	*0*
	- No rubbish disposal	*886 (no. households not receiving a service)*	*1 000 000*
3	Total and projected tonnage of all refuse disposed:		
	- Domestic/Commercial		*89351*
	- Garden		*56385*
4	Total number, capacity and life expectancy of refuse disposal sites:		
	- Domestic/Commercial (number)		*2*
	- Garden (number)		*76*
5	Anticipated expansion of refuse removal service:	7 900 households	*R (9 970 00)*
	- Domestic/Commercial (Total Manpower / 5%)	*5% annually as per IWMP*	*4 359 473*
	- Garden (Total Manpower / 4%)	*4% annually as per IWMP*	*3 487 479*
6	Free Basic Service Provision:		
	- Quantity (number of households affected)	*108 655*	
	- Quantum (value to each household)		*R42 539 996*
7	Total operating cost of solid waste management function		*254 868 840*

3.7 Public Health Care Services

Sub-function:	**PHC Services**		
Reporting Level	**Clinics**		
	Detail	**08/09**	**09/10**
Overview:	To ensure the delivery of coordinated, sustainable, comprehensive primary health care services that prioritises the management of tuberculosis and HIV and AIDS through active community participation, intersectoral collaboration and partnerships, to improve the quality of life of all individuals and communities. To improve the standards of municipal clinics. To monitor and assist in reasonable access to welfare services by poor communities.		
Description of activity:	The function of providing community health clinic services within the Municipality is administered as follows and includes:		
	<u>Comprehensive primary health care service package</u> Preventive, promotive and rehabilitative services Communicable disease control Reproductive health services Maternal, child and women's health services Curative services for acute minor illnesses and chronic diseases (Level 1 primary health care services – non-specialist care delivered at clinic level up to the level of District Hospital) Ancillary support – radiological and pharmaceutical services Integrated nutrition services	NMBM clinics x 39 (1x clinic burned); Satellite x 2; Mobile x 5; ECDOH clinics x 9 Pharmacy Depot x 1; NMBM Radiography services x 2 service points, x 1 additional still to be commissioned.	NMBM clinics x 42 Satellite x3; Mobile x 5; ECDOH clinics x 8 Pharmacy Depot x 1; NMBM Radiography services x 3 at ECDoH (MCHC) .
	Dental services	ECDOH outreach services	ECDOH outreach services at specific NMBM and ECDoH clinics
	Mental health (community) services	ECDOH outreach at 10 service points.	ECDOH outreach at 10 service points
	Forensic/District Surgeons' services	ECDOH service based at Dora Nginza Hospital	ECDOH service based at Dora Nginza Hospital
	<u>Primary Health Care Programmes</u> Prevention and control of communicable diseases and outbreak response	NMBM leads District Outbreak Response Team. 12 monthly Disease monitoring Reports available	NMBM leads District Outbreak Response Team. 12 monthly Disease monitoring Reports available

Sub-function:	PHC Services		
Reporting Level	Clinics		
	Detail	**08/09**	**09/10**
	Notification of notifiable diseases and vital registration	Notifiable disease reports produced and forwarded to ECDoH, Epidemiology Section on Thursdays @ 10h00 National programme not functioning. NMBM submits weekly reports, as legislated, to ECDOH, Epidemiology Section on Thursdays @ 10h00	Notifiable disease reports produced and forwarded to ECDoH, Epidemiology Section on Thursdays @ 10h00 National and Provincial Health policies available and implemented NMBM Notifiable Medical conditions reporting programme in place and functioning
	Development and implementation of primary health care policies and programmes	Circumcision & outbreak response policies in place	NMBM Circumcision database in place
	Continuous professional development and in-service post-basic training	38 CPD and in-house training courses done	
	Management of the National District Health Information System (DHIS)	Version 1.4 used with Environmental Health National data-set incorporated	Version 1.4 used with Environmental Health National data-set incorporated. NMBM reporting programme for Notifiable Medical Conditions replaces non-functional National programme.
	Social Development Cluster, risk mitigation of environmental health exposure		

Sub-function:	PHC Services		
Reporting Level	Clinics		
	Detail	**08/09**	**09/10**
	<u>Occupational health and safety and environment</u> Management of the Occupational Health, Safety and Environment Services of the NMBM.	Ongoing	Ongoing
	Co-ordination of the HIV and AIDS Workplace Policy Implementation Strategy.	Draft Implementation Plan	Implementation Plan in place
	Ensuring employer compliance with the Occupational Health Safety Act and related legislation.	In place	Quarterly submission of reports and inventories of legal compliance by Directors
	Managing the Occupational Primary Health Clinic for employees.	In place	Ongoing
	Occupational risk assessment and monitoring mitigation of risk factors in the workplace.	Risk assessment report available	Mitigation measures implemented
	<u>Integrated HIV and AIDS Programme</u> Mobilisation and management of the prevention, care, treatment, support and mitigation of the impact of the pandemic as an internal responsibility of the employer. Mainstreaming the management of HIV and AIDS as an institutional responsibility to integrate into IDP strategic developmental priorities of all directorates. External responsibility as a sphere of government in promoting, co-ordinating and providing political leadership for multi-sectoral response and the greater involvement of people living with HIV and AIDS (GIPLA) UNAIDS principle.	Five-year NMBM Integrated HIV and AIDS Plan launched on 1 December 2007. Implementation of internal and external responsibility on-going.	Assistant Director appointed under COO's Office to Co-ordinate implementation of NMBM Integrated HIV & AIDS Plan adopted by Council in 2007.
Strategic objectives of function	The strategic objectives of this function are to: • Provide basic package of PHC Services. • Develop health consciousness in communities to improve quality of life. • To improve the Municipality's clinic standards. • To monitor and assist reasonable access to welfare services by poor communities.		
	The key issues for 2009/10 are to: • Establish a comprehensive health system (i.e. the District Health System)	Costing of a Single Health Authority in NMB Health District completed in February 2009 submitted to ECDoH	ECDoH still considering Single Health Authority Costing Report covering three-year period 2009-2012

Sub-function:	PHC Services		
Reporting Level	Clinics		
	Detail	**08/09**	**09/10**
		.	
	• Reduce the HIV and AIDS infection rate	89% of NMBM clinics provide preventive antenatal care and PMTCT services. 100% NMBM clinics provide VCT and IMCI services. Metro-wide condom distribution system implemented	98% of NMBM clinics provide preventive antenatal care and PMTCT services. 100% NMBM clinics provide VCT and IMCI services. Metro-wide condom distribution system implemented
	• Encourage the development of an HIV and AIDS Policy by other role-players within the municipal area	Assistant Director appointed to implement NMBM Integrated HIV & AIDS Plan	Assistant Director appointed in Office of COO to Co-ordinate implementation of NMBM Integrated HIV & AIDS Plan
	• Computerise municipal clinics to link to NMBM server and improve the efficiency of clinics	Clinic Connectivity Project on track for completion by June 2010	IPT (VOIP) system in place at 32 (80%) clinics due to funding constraints.
	• Ensure the effective implementation of the Occupational and Safety Management System for municipal employees	In place	Ongoing
	• Foster a culture of caring for the aged in the municipal area	Health Promotion Programme incorporates care for the elderly at clinics	Health Promotion Programme incorporates care for the elderly at PHC clinics
	• Implement a public health surveillance and monitoring system	DHIS tool provides basic public health surveillance and monitoring	NMBM Notifiable Programme provides the surveillance and monitoring system

Sub-function:	**PHC Services**		
Reporting Level	**Clinics**		
	Detail	**08/09**	**09/10**
		system	
	• Establish a system to improve access to welfare services	Referral system for welfare services in place linked to Department for Social Development	Referral system for welfare services in place linked to Department for Social Development
Analysis of function:	*Statistical Information:*		
1	Number, cost of public (excl. private) clinics servicing population (includes provincial and municipal clinics)		*50 fixed clinics +3 fixed satellite clinics + 8 mobile clinics and 1 youth centre*
	- Public clinics (owned by Municipality)	*41 fixed clinics +2 fixed satellite clinics + 5 mobile clinics Two additional clinics planned for 2009/10*	*42 fixed clinics +3 fixed satellite clinics + 5 mobile clinics*
2	Total annual patient head-count for PHC services provided by the Municipality: July 2009 – June 2010	2,482,304	2,296,956
	Headcount : Five years and older	2,093,303	1,939,010
	Under five years	389,001	357,946
	Total clinic visits for TB DOTS (included in head-count)	686,721	590,384
	Per capita allocation (excl. drugs, laboratory costs, etc.) based on 85% coverage of total population	R79.84	R92.33
	Cost per visit (excl. drugs, laboratory costs)	R30.05	R178 126
	TOTAL POPULATION = 1,139,032		
3	Estimated backlog in number of and cost to build clinics:	*R (000)*	
	Construction of KwaNobuhle Clinic	*R3,100,000*	*R3,100,000*
	Construction of Rocklands Clinic	*R3,100,000*	*R3,100,000*
	Upgrade West End Clinic (X-Ray Unit)	*R1,700,000*	*R1,700,000*
	Upgrade Walmer Gqebera Clinic (X-ray Unit)	*R1,700,000*	*R1,700,000*
	Walmer Community Health Centre	*R4,852,000*	*R4,852,000*
	Clinic improvement for wheelchair facilities		
	Upgrade of three clinics for ARV accreditation		
	Construction of Ikamvelihle Clinic		
	Construction of Joe Slovo Clinic		
	Upgrade of Helenvale Clinic		
	TOTAL	**R14,452,00**	**R14,452,00**

Sub-function:	PHC Services		
Reporting Level	Clinics		
	Detail	**08/09**	**09/10**
4	Type and number of grants and subsidies received:	1	1
	Total income	*R97 373 060*	*R105 162 900*
	Municipal own budget contribution from rates	*R27 345 450*	R29 533 090
	ATICC note: brought forward from 2007-08, as unspent.	*R4 861 209*	*R4 861 209*
	R4,861,209 is funding iro Special Projects only		
	Note: Total value of specific health clinic grants actually received during year to be recorded over four quarters (Jul to Sept. 2009; Oct. to Dec. 2009; Jan. to March 2010; Apr. to June 2010). ***Note - four quarters total subsidies reported July2009 to June 2010***.		*R18 907452 received each quarter*
5	Total operating cost of health (clinic) function:	*R97 373 060*	*R105 162 900*
	Combined municipal and provincial expenditure in NMBM	*Not available*	*Not available*

3.8 Water distribution function's performance

Function:	**Water**
Sub Function:	**Water Distribution**

Reporting Level	Detail	Total	Cost
Overview:	This overview covers water treatment, bulk distribution and reticulation of water.		
Description of activity:	The water treatment, bulk distribution and reticulation functions of the Municipality are administered as follows and include: The Water and Sanitation Sub-Directorate comprises five divisions (Water Distribution; Water Management and Bulk Supply; Wastewater Conveyance; Wastewater Treatment; and Planning and Research). *The functions applicable to the Water Distribution and Water Management and Bulk Supply Divisions are:* (1) Planning of water distribution reticulation, bulk supply and water treatment. (2) Upgrading of the water distribution, reticulation and bulk infrastructure. (3) Integrated delivery of water infrastructure to newly built areas, such as housing development schemes. (4) Maintenance of the water distribution, reticulation and bulk infrastructure. *Community Participation:* (1) Community needs are identified through the IDP consultation process, organisational goals and national targets. (2) Needs are assessed and prioritised. (3) Prioritised projects are included in the Municipality's IDP. (4) Prioritised projects are included in the thee-year Capital Budget Programme for funding and implementation. Due to financial constraints, a limited number of projects are funded. (5) Approved projects are planned, designed and implemented internally and externally. Prior to implementation, a consultative process takes place between the community and the Municipality. The latter happens in close liaison with the Ward Councillors and Ward Committees. These services extend to the whole municipal area. The Municipality has a mandate to: (1) Supply potable water within in its area of jurisdiction. (2) Conserve water by investigating more effective and efficient alternative uses and management of water. (3) Investigate the possibility of water recycling and other water sources. The strategic objectives of this function are to: (1) Compilation of a Water Master Plan that addresses: - Provision of potable water. - Expansion of infrastructure to support development. - Investigate additional water resources (2) Conserve water by investigating more effective and efficient		

Reporting Level	Detail	Total	Cost
	alternative uses and management of water.		
	The key issues for 2009/10 are: (1) Implement projects to augment water supply. (2) Implement strategies to address unaccounted for water as part of Water Demand Management. (3) Implement strategies to relieve the drought situation (4) Improve the water reticulation system. (5) Update the Water Service Development Plan. (6) Draft a uniform Water Services By-law.		
`	*Statistical information*		
1	Percentage of total water usage per month Month July 2009 August 2009 September 2009 October 2009 November 2009 December 2009 January 2010 February 2010 March 2010 April 2010 May 2010 June 2010 Total *(Ml)* Note: this will therefore highlight percentage of total water stock used per month	Volume 8388 8472 8230 8130 8495 8045 8038 7014 7535 7187 7429 7070 94033	101 449
2	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer *- Raw water purchased (Water consumption + 5%)*	*94 033 Mll*	*R (000s)*
3	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer: *- Water sales*	*94 033 Mll*	*R (000s)* *R412,7M*
4	Total year-to-date water losses in kilolitres and rand *- Average water loss = 29,3%* These losses include water lost due to: - Unmetered areas - Internal leaks - Old water meters under reading New housing projects captured on system	*27 561 Ml*	*R (000s)* *R145M*

Reporting Level	Detail	Total	Cost
Reporting Level	**Detail**	**Total**	**Cost**
5	Number of households with water service, and type and cost of service:		*R (000)*
	- Piped water inside dwelling	264 965	
	- Piped water inside yard		
	- Piped water on community stand: distance < 200m from dwelling	15 605	
	- Piped water on community stand: distance > 200m from dwelling		
	- Boreholes	*0*	
	- Springs	*0*	
	- Rain-water tanks	*0*	
	- Backyard shacks	41 000	
	- Unserved	8 430	
6	Number and cost of new connections:		*R (000)*
	Connection to private houses (excluding Metro houses)	*658*	
7	Number and total value of water projects planned and current:		*R (000)*
	- Current (financial year-after-year reported on)	±50 projects	±R200M
	- Planned (future years)	±50 projects	±R150M
8	Anticipated expansion of water service:		*R (000)*
	- Piped water inside dwelling – Metro houses planned	*7900*	
	- Piped water inside yard	*0*	
	- Piped water on community stand: distance < 200m from dwelling	*+/- 150*	
	- Piped water on community stand: distance > 200m from dwelling	*0*	
	- Boreholes	*0*	
	- Springs	*0*	
	- Rain-water tanks	*0*	
9	Estimated backlog in number (and cost to provide) water connection:		*R (000)*
	- Piped water inside dwelling	*0*	
	- Piped water inside yard	*0*	
	- Piped water on community stand: distance < 200m from dwelling	*+/- 150*	
	- Piped water on community stand: distance > 200m from dwelling	*0*	
	- Boreholes	*0*	
	- Springs	*0*	
	- Rain-water tanks	*0*	
10	Total operating cost of water distribution and bulk supply function		*R522,3M*

3.9 Waste water management

Function:	**Waste Water Management**
Sub-function:	**Sewerage, etc**

Reporting Level	Detail	Total	Cost
Overview:	This overview covers the provision of wastewater conveyance and treatment.		
Description of activity:	The sanitation functions of the municipality are administered as follows and include: The Water and Sanitation Subdirectorate comprises five divisions (Water Distribution; Water Management and Bulk Supply; Wastewater Conveyance; Wastewater Treatment; and Planning and Research). *The functions applicable to the Wastewater Conveyance Division are:* (1) Planning of wastewater conveyance and wastewater treatment infrastructure. (2) Upgrading the wastewater conveyance and wastewater treatment infrastructure. (3) Integrated delivery of sanitation infrastructure to newly built areas, such as housing development schemes. (4) Maintenance of the wastewater conveyance and wastewater treatment infrastructure (pipelines, rising mains, pumpstations and wastewater treatment works). *Community Participation:* (1) Community identifies the needs in terms of the IDP process; (2) Needs are assessed and prioritised; (3) Prioritised projects are included in the Municipality's IDP; (4) Prioritised projects are included in the three-year Capital Budget Programme for funding and implementation. Due to financial constraints, a limited number of projects are funded. (5) Approved projects are planned, designed and implemented internally and externally. Prior to the implementation, a consultative process takes place between the community and the Municipality. The latter happens in close liaison with the Ward Councillors and Ward Committees. These services extend to the entire municipal area. The Municipality has a mandate to: 1) Provide a sanitation service in Nelson Mandela Bay. 2) Maintain the existing sewerage infrastructure. 3) Treat wastewater to national standards. 4) Investigate the possibility of water recycling. The strategic objectives of this function are to:		

Reporting Level	Detail	Total	Cost
	1) Eliminate pail services. 2) Assist in possible wastewater recycling. 3) Provide bulk infrastructure to support housing development and private development initiatives. 4) Provide trade effluent monitoring. 5) Treat wastewater to national standards. 6) Commence with the preparation of a Sanitation Master Plan.		
	The key issues for 2010/11: 1) To improve the sewer reticulation system. 2) To maintain the existing sewerage infrastructure. 3) To provide for the improved cleaning of sewers. 5) To commence with plans to meet the 2014 national target for basic sanitation.		
Analysis of the Function:	*Statistical information*		
1	Number of households with sewerage services, and type and cost of service:		*R (000)*
	- Flush toilets (connected to sewerage system)	256 270	
	- Flush toilets (with septic tank)	2 110	
	- Chemical toilets	*0*	
	- Pit latrines with ventilation	*0*	
	- Pit latrines without ventilation	*0*	
	- Bucket latrines	*22 500*	
	- No toilet provision	*8 120*	
2	Anticipated expansion of sewerage:		
	- Flush/chemical toilet – Metro Houses planned	*7900*	
	- Pit latrine	*0*	
	- Bucket latrine	*0*	
	- No toilet provision	*0*	
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
3	Total operating cost of sewerage function		*R256,1M*

3.10 Road maintenance's function's performance

Function:	**Road Transport**
Sub Function:	**Roads**

Reporting Level	Detail	Total	Cost
Overview:	This overview covers the construction and maintenance of roads within the Municipality's jurisdiction		
Description of activity:	The road maintenance and construction responsibilities of the Municipality are administered as follows and include: *The Nelson Mandela Bay Municipality (NMBM) administers the maintenance and construction of all municipal roads. Although it acts as agent for the Eastern Cape Provincial Government in maintaining and constructing Roads of Metropolitan Significance all the functions are also administered by the NMBM. The maintenance functions are administered by the Roads and Stormwater Sub-Directorate and the construction of roads by the Design and Implementation Sub-Directorate. Maintenance activities are mainly performed by in-house staff, and the construction of roads by the private sector.* These services extend to *planning; conceptual and preliminary design; and maintenance*, but do not take account of the network under the jurisdiction of *national/provincial/other private sector* government. The Municipality has a mandate to: *Provide an efficient, safe, affordable, sustainable and accessible multi-modal transport system that is integrated with land-use development to ensure optimal mobility for the residents and users of transport system in the metropolitan area.* The strategic objectives of this function are to: • *Provide adequate roads to give access to all developed areas, with particular emphasis on good accessibility to major business districts and major employment areas.* • *Provide adequate major arterials with limited access that provides a reasonably uncongested level of service for peak hour traffic movements.* • *Select the most cost-effective road alignments, with due consideration to environmental impact.* • *Provide for maintenance of existing roads to ensure that the level of service required is maintained and the optimum use is made of the limited funds available.*		
	The key issues for 2009/10 are: • *Project budgeting be carried out over a three-year budget cycle to enable proper project programming and to effectively utilise available funding, on the basis that budgets are indicative and are subject to annual review and approval.* • *Due to the importance of integrated planning, a specific Business Plan should be submitted to address the transport planning process of the CITP, in terms of national requirements, including supporting planning such as the preparation of management systems.*		

	• *The funding of maintenance projects to be in terms of a Road and Bridge Management System, to be prepared and updated every three years in consultation with and subject to the approval of the NMBM and the Department of Roads and Transport.*		
Analysis of function:			
1	Number and cost to employer of all personnel associated with road maintenance and construction:		*R (000)*
	- Professional (engineers/consultants)	*11*	*R3,008 m*
	- Field (supervisors/foremen)	*48*	*R8,010 m*
	- Office (clerical/administration)	*9*	*R1,131 m*
	- Non-professional (blue collar, outside workforce)	*275*	*R21,881 m*
	- Temporary	*2*	*R695,927*
	- Contract	*2*	*R1,125 m*
2	Total number, kilometres and total value of road projects planned and current:		*R (000)*
	- New bitumenised (number)	*32 kms*	*R152,0 m*
	- Existing retarred (number)	*92 kms*	*R31,4 m*
	- Existing resheeted (number)	*25 km*	*R6,25 m*
3	Average frequency and cost of re-tarring, re-sheeting roads		*R (000)*
	- Tar	*± 10years*	*R40/m²*
	- Gravel		
	Note: based on maintenance records		
4	Estimated backlog in number of roads, showing kilometres and capital cost		*R (000)*
	- Tar	*452 km*	*R1,7 billion*

3.11 Performance of electricity distribution function

Function:	**Electricity**
Sub Function:	**Electricity Distribution**

Reporting Level	Detail	Total	Cost
Overview:	The overview covers the bulk purchase and distribution of electricity		
Description of activity:	The electricity purchase and distribution functions of the Municipality are administered as follows and include: 1. Bulk network planning and projects based on the network master plan. 2. The supply of electricity to customers is initiated either through applications from developers or through the electrification development plans, in conjunction with the Housing and Land Directorate. 3. The required distribution and reticulation networks are designed and project managed by the Directorate. The Municipality has a mandate to administer and supply electricity services within its designated area of supply. The strategic objective of this function is to supply a safe and reliable electricity supply in accordance with the national standards and at an acceptable price to all. The key issues for 2009/10 are: • The supply of electricity for economic development. • To establish alternative service delivery mechanisms. • To maintain the Electricity and Energy Directorate's assets. • To continue to pursue demand side management of electricity. • To encourage the efficient use of electricity at all levels. • To actively pursue renewable energy resources.		
Analysis of function:	*Statistical information*		
1	Number and cost to employer of all personnel associated with the electricity distribution function:		*R (000s)*
	- Professional (engineers/technicians/technical managers/ consultants)	41	
	- Field (supervisors/foremen/artisans)	179	
	- Office (clerical/administration)	93	
	- Non-professional (blue collar, outside workforce)	316	
	- Temporary	0	
	- Contract	13	
	- In training students	7	
	Total staff costs excluding contract and temporary staff		R152 169
	Total cost of contract and temporary staff		R2 759

Reporting Level	Detail	Total	Cost
Overview:	The overview covers the bulk purchase and distribution of electricity		
2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by consumer category:		*R (000)*
	- Residential	1102291000	R355 169
	- Commercial	498768000	R160 708
	- Industrial	1593211000	R513 349
	- Steam supplies	268549572	R27 247
	- Street lighting	*50616227*	R14 785
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		*R (000s)*
	- Household	1102291000	R647 484
	- Commercial	498768000	R331 353
	- Industrial	1593211000	R859 823
	- Steam Supplies	*268549572*	R34 981
	- Street Lighting	*50616227*	R14 785
4	Total year-to-date electricity losses in kilowatt hours and rand	296854000	*R (000s)* R95 649
5	Number of households with electricity access, and type and cost of service: Credit meter (34 029), Pre-payment Meter (251 380)	285 409	*R (000s)*
Reporting Level	**Detail**	**Total**	**Cost**
	- Electrified areas		
	- Municipal	*284 938*	
	- Eskom	*471*	
6	Number and cost of new connections	3 872	*R (000)* R19 300
7	Number and cost of disconnections and reconnections		
	Disconnections	8 675	
	Reconnections	5 550	
	Pre-payment meters blocked	42 315	
	Pre-payment meters unblocked	48 888	
8	Number and total value of electrification projects planned and current:		*R (000s)*
	- Current (financial year after year reported on) 2010/11	5 000	*R32 100*
	- Planned (future years 2011/12, 2012/13)	12 100	R76 900
	Note: provide total project and project value as per initial or revised budget		
9	Type and number of grants and subsidies received: A – A08 No subsidy received during the 2009/10 financial year. O – D08 J – M09	N/A	*R (000s)* N/A
10	Total operating cost of electricity distribution function		R1 878 395

3.12 Public Safety

Reporting Level	Detail	Total	
		2008/2009	2009/2010
Overview	Includes traffic, licensing and parking control		
Description of activity	The traffic control functions of the Municipality are administered as detailed below.		
Traffic law enforcement	These include all law enforcement activities. **The Municipality has a mandate to :** • Conduct preventative traffic patrols and enforce traffic legislation. • Enforce speed limits • Attend to traffic accidents. • Enforce parking legislation. • Enforce municipal by-laws.		
	The strategic objectives of this function are to : Ensure the safe and free flow of traffic within the Municipality.		
	The key issues for 2009/2010 are : Extend the current 18-hour service in Port Elizabeth to a 24-hour service throughout the Municipality.		
	Reduce the number of traffic accidents by 1%		
	Restrict the following offence rates to –		
	- Drunken driving (% offences)	0%	0%
	- Speeding (% offences)	34.6%	34.6%
	- Defective tyres (% offences)	20.5%	20.5%
	- No-stopping areas (Incidents per hour)	33.0%	33.0%
	- Traffic signals (Incidents per hour)	7.2%	7.2%
	- Stop signs (Incidents per hour)	12.6%	12.6%
Driver's Licences	These services include all driver testing functions. **The Municipality has a mandate to :**		
	• Test applicants and issue learner driver's licences	20321	18556
	• Test applicants and issue driver's licences	4393	3703
	• Renew credit card type driver's licences	51939	41170
	• Renew and issue professional driver's licences.	10418	10013
	The strategic objectives of this function are to : Ensure safety on the road by ensuring a high level of competency amongst vehicle drivers.		
	The key issue for 2009/2010 was : To improve the level of service by reducing waiting times.	6 weeks	6-7 weeks

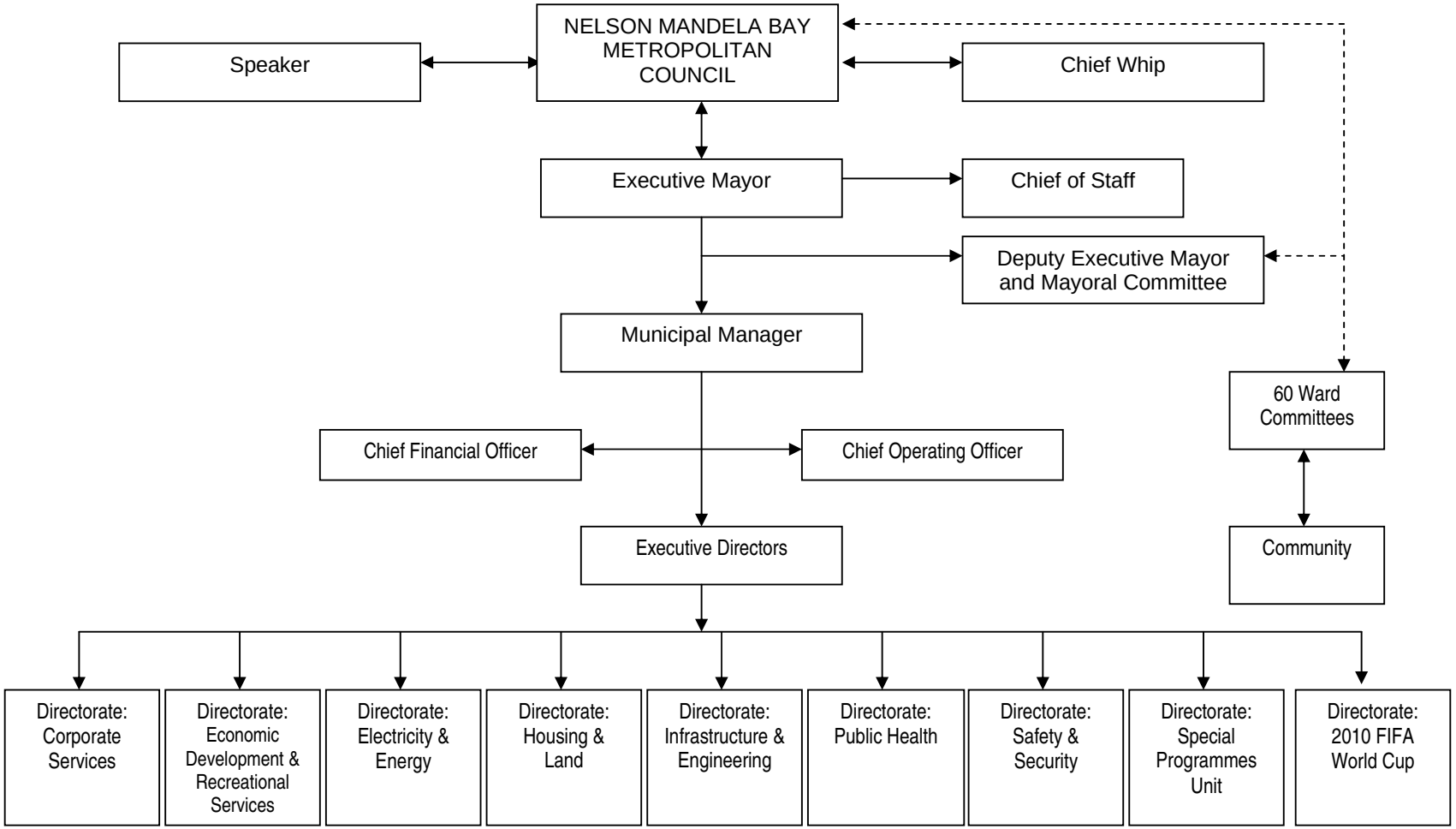
Reporting Level	Detail	Total	
Roadworthy Testing	These services include all vehicle testing functions. **The Municipality has a mandate to :** Ensure safety on the road by ensuring that vehicles are roadworthy.	1398	1098
	The key issues for 2009/10 was : To improve road safety by testing public and private vehicles for roadworthiness		
Analysis of function	**Statistical Information**		
1.	Total number of call-outs attended to in :	**2008/2009**	**2009/2010**
	- Emergency call-outs (complaints and motor vehicle accidents)	4267	4962
2.	Average response time to call-outs :	18.06 min	26.10 min
3.	Total number of targeted violation, e.g. traffic offences :	2008/2009 Offences	2009/2010 Offences
	LICENSING OF DRIVERS	14168	11847
	Unlicensed drivers	12679	10845
	Learner drivers – without supervision/carrying passengers	1206	794
	Other offences regarding driver licensing	283	208
	REGISTRATION/LICENSING OF MOTOR VEHICLES	13088	15533
	Unlicensed/Unregistered motor vehicles	12 598	15011
	Other offences regarding registration and licensing	490	522
	MOVING VIOLATIONS	301592	215990
	Driving under the influence of liquor	1187	267
	Reckless/Negligent/Inconsiderate driving	15	3
	Speeding offences	255302	178363
	Robot disobedience	2554	1130
	Stop sign disobedience	25429	20039
	Disobedience of other road signs	12760	9714
	Turning when unsafe	436	1321
	Turning without signaling	618	1728
	Illegal overtaking	422	331
	Changing lanes – endangering traffic	1737	2214
	Entering road/intersection when not safe	64	76
	Other moving violations	1068	804
	STOPPING AND PARKING	43182	35510
	Stopping where prohibited	2702	2355
	Causing danger/obstruction	4167	3495
	Parking obstructing vehicle entrances	126	122
	Parking in exclusive parking bays (loading zone, bus zone)	5400	5017
	Parking where prohibited – not mentioned elsewhere	6258	6544
	Parking meter violations	24529	17977
	LOADS AND PROJECTIONS	1498	1124
	Overload – passengers	770	704
	Overload – goods	628	338
	Exceeding projection limits	5	13
	Insecure load spillage	95	69
	VEHICLE DEFECTS	6309	5692
	Defective service/parking brakes	291	153
	Defective steering	22	1

Reporting Level	Detail	Total	
	Defective tyres	2027	2141
	Defective silencer	30	18
	Other defects	3939	3379
	SUNDRY	8246	6167
	Public motor vehicle offences	2124	1851
	Municipal by-laws	235	201
	Not wearing seat belts/safety helmets	3838	2625
	Cellphone: use while driving	1365	736
	Other offences	684	754
	NOTICES	1615	764
	Notice to discontinue use of motor vehicle	75	45
	Written warnings issued	1540	719
	TOTAL	**389698**	**292627**
4.			
5.	Total number and type of emergencies leading to a loss of life or disaster 2009/10 :	67 fatal traffic accidents	57 fatal traffic accidents
6.	Type and number of grants and subsidies received	None	None
7.	Total operating cost of police and traffic function	R119 287 098,00	R151 969 170,00

Annexure “A”

Organisational structure of Nelson Mandela Bay Municipality

ORGANISATIONAL STRUCTURE OF NELSON MANDELA BAY MUNICIPALITY



Annexure “B”

Audit Reports of the Auditor-General

Annexure “B1”

Audit Report of Nelson Mandela Bay Municipality

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL AND THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying consolidated financial statements of the Nelson Mandela Bay Metropolitan Municipality, which comprise the consolidated and separate statement of financial position as at 30 June 2010, the consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 258 to 681.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) reporting framework and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) read with section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of the Nelson Mandela Bay Metropolitan Municipality as at 30 June 2010 and its consolidated and separate financial performance and cash flows for the year then ended, in accordance with the GRAP reporting framework and in the manner required by the MFMA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

9. As disclosed in note 45 to the financial statements, the municipality is the defendant in a number of lawsuits to the value of R73.8 million. The municipality is currently opposing these claims and the ultimate outcome of these matters cannot presently be determined.

Fruitless and wasteful expenditure

10. As disclosed in note 44 to the financial statements, fruitless and wasteful expenditure amounting to R4 million was incurred during the financial period. This was as a result of payments made in vain and where reasonable care was not exercised.

Irregular expenditure

11. As disclosed in note 44 to the financial statements, irregular expenditure to the amount of R23.3 million was incurred as a result of contracts awarded without following the Supply chain management regulations and including payments to suppliers in which councillors have business interests.

Material losses

12. As disclosed in note 35.11 to the financial statements, the municipality suffered a significant water loss of 27 561 megalitres (29.3%), amounting to R145.5 million, during the year under review. This loss was incurred as a result of water bursts, corrosion of cast iron fittings, leaking valves and pipes failing due to adverse ground conditions as a result of severe dry weather conditions.

Financial sustainability

13. While the municipality prepared its financial statements on the going concern basis, there are a number of indicators that its financial sustainability is under pressure. The municipality has disclosed in note 46.2 to the financial statements the principal events or conditions that may cast doubt on the municipality's financial sustainability and also disclosed their plans to deal with those events or conditions.

Additional matters

14. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

15. The supplementary appendices A to F, set out on pages 682 to 695 do not form part of the financial statements and are presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the MFMA, Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA), Division of Revenue Act of South Africa, 2009 (Act No 12 of 2009) (DoRA) the Municipal Supply Chain Management Regulations of South Africa, 2005 (GNR 868 of 30 May 2005) (SCM regulations), the Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 24 August 2001) (MPPM Regulations) and financial management (internal control).

Predetermined objectives

17. Material findings on the report on predetermined objectives, as set out on pages 15 to 186 are reported below:

Non-compliance with regulatory and reporting requirements

Inadequate content of Municipal entity's Business plan

18. The municipality as parent municipality of the Mandela Bay Development Agency (MBDA) did not ensure that specific performance indicators were set for the entity against which the performance of the entity can be measured as required by section 93C(a)(iv) of the MSA.

Internal auditing of performance measurements

19. The internal audits of the performance measurements of the municipality were not performed in a timely manner to enable quarterly reports on their audits to be submitted to the municipal manager and audit committee, as required by MPPM regulation 14(1)(c).

Reasons for major variances between planned and actual reported targets were not supported by adequate and reliable corroborating evidence

20. Adequate and reliable corroborating evidence to support the reasons for major variances between the planned and actual reported performance targets could not be obtained. 25% of the reasons for major variances could not be verified for audit purposes.

Compliance with laws and regulations

The financial statements were not prepared in accordance with applicable legislation

21. In order for the financial statements to meet the requirements of section 122(1) of the MFMA, material misstatements identified during the audit were corrected by management.

The accounting officer did not adhere to his statutory responsibilities

22. The accounting officer did not submit the draft service delivery and budget implementation plan for the budget year and drafts of the annual performance agreements of the municipal manager and all senior managers to the executive mayor within 14 days of the approval of the annual budget as required by section 69(3) of the MFMA.

Monthly budget to actual reports were not submitted in a timely manner

23. Contrary to the requirements of section 87 (11) of the MFMA, five monthly management accounts of the MBDA were not submitted to the accounting officer of the parent municipality within seven working days after the end of each month within the financial year.

Fruitless and wasteful expenditure

24. Contrary to the requirements of section 102 of the MFMA the MBDA did not promptly submit reports to the mayor, and municipal manager of the parent municipality or the Auditor General, with details of the fruitless and wasteful expenditure incurred. To date no steps have been taken to recover the expense.

INTERNAL CONTROL

25. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the acts as indicated above, but not for the purpose of expressing an opinion on the effectiveness of internal control.

26. The matters reported below are limited to the significant deficiencies regarding the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- Leadership

  It is evident from findings during the audit process that the accounting officer and in turn management, did not exercise effective oversight

over compliance with laws and regulations, in all instances. A key indicator at this level is the fact that not all the external audit findings of the prior year have been addressed, resulting in repetitive findings and unattended weaknesses in the control environment.

Leadership did not ensure that an appropriate approach towards reporting against predetermined objectives was implemented. As a result, there were inadequate controls to ensure that reporting of actual performance against targets is valid.

- Financial and performance management

  The financial and performance management control objective relates mainly to the preparation of quality financial statements and performance reports which are supported by appropriate record keeping and information systems. The fact that manual and automated controls, although designed, were not in all instances adequately implemented to ensure that all transactions occurred, are authorised and are completely and accurately processed is reason for concern. This resulted in material amendments to the financial statements resulting from the audit. Consequently the financial statements initially submitted did not fairly present the state of affairs of the Municipality and its entity, the financial results and the financial position at the end of the financial year.

- Governance

  The governance control objective relates mainly to the involvement of the audit committee and internal audit in the identification and management of risk (including information technology) and fraud prevention. Although cognisance is taken of the work done by both the internal audit and the audit committee, the material amendments to the financial statements as well as the findings on reporting against predetermined objectives show that there is still room for improvement. One specific area that is cause for concern is the fact that, due to the late submission of the quarterly performance reports to internal audit, their reviews were not conducted in a timely manner to enable quarterly reports to be submitted to the municipal manager and audit committee.

  The fraud prevention plan of the municipality has not been effective in actually preventing fraud and alleged fraud that has taken place during the financial period under review.

OTHER REPORTS

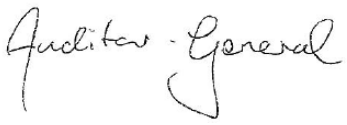
Investigations

27. As disclosed in note 44.18 to the annual financial statements, investigations into several alleged transgressions are currently in progress and may result in unauthorised, irregular or fruitless and wasteful expenditure upon conclusion of the investigations. The investigations range from tender irregularities, housing irregularities, procurement irregularities, theft and abuse of municipal assets, payroll related transactions, fronting and assistance to the poor irregularities.

28. In addition, note 44 to the annual financial statements, discloses investigations into fruitless, wasteful and irregular expenditure to the amount of R27.3 million, which were completed during the year.

29. Of the above amount, R4 million related to fruitless and wasteful expenditure of which R2.3 million was incurred due to payments made in vain and R1.7 million was as a result of fraudulent transactions.

30. The remaining amount of R23.3 million relates to irregular expenditure incurred due to deviations with the Supply chain management policy.



East London

14 December 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure “B2”

Audit Report of Mandela Bay Development Agency

REPORT OF THE AUDITOR-GENERAL TO THE BOARD OF DIRECTORS AND THE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF MANDELA BAY DEVELOPMENT AGENCY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Mandela Bay Development Agency, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out on pages 698 to 717.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act, 1973 (Act No. 61 of 1973). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandela Bay Development Agency as at 30 June 2010, and its financial performance and its cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act.

Emphasis of matter

8. I draw attention to the matter(s) below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

9. As disclosed in note 28 to the financial statements, the corresponding figures for 30 June 2009 have been restated as a result of a prior year error discovered during the 30 June 2010 in the financial statements of the Mandela Bay Development Agency at, and for the year ended, 30 June 2010.

Fruitless and wasteful expenditure

10. Fruitless and wasteful expenditure of R20 380 is disclosed in note 25 of the annual financial statements. This expenditure, made in vain, resulted from interest paid on the late submission and payment of Value Added Tax. At the date of this report, there has been no review, by the Board, over the amount disclosed.

Additional matter paragraph

11. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

12. The supplementary information set out on pages 718 to 720 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In terms of the PAA of South Africa and *General notice 1570 of 2009,* issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the MFMA, Companies Act and financial management (internal control).

Findings

Predetermined objectives

14. Included below are the findings related to the report on predetermined objectives.

Usefulness of information

15. For the selected objectives, 23% of the planned and reported targets were not:
    - specific in clearly identifying the required level of performance;
    - measurable in identifying the required performance;
    - time bound in specifying the time period or deadline for delivery.
16. Contrary to section 87 (5) (d) (i) of the MFMA the Business Plan of the MBDA did not include key performance indicators or targets.

Reliability of information

17. For the selected objectives, 25% of the reported targets were not complete in comparison to the source information and evidence provided to support the reported targets.

Compliance with laws and regulations

18. Included below are the findings related to material noncompliance with the acts and regulations, as indicated.

Municipal Finance Management Act 56 of 2003

Monthly budget to actual reports were not submitted in a timely manner

19. Contrary to the requirements of section 87 (11) of the MFMA, five monthly management accounts were not submitted to the accounting officer of the parent municipality within seven working days after the end of each month within the financial year.

The financial statements were not prepared in accordance with applicable legislation

20. In order for the financial statements to meet the requirements of section 122(1) of the MFMA, material misstatements identified during the audit were corrected by management.

Fruitless and wasteful expenditure

21. Contrary to the requirements of section 102 of the MFMA the entity did not promptly submit reports to the mayor, and municipal manager of the parent municipality or the Auditor General, with details of the fruitless and wasteful expenditure incurred. To date no steps have been taken to recover the expense.

INTERNAL CONTROL

22. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the MFMA, Companies Act, but not for the purposes of expressing an opinion on the effectiveness of internal control.

23. The matters reported below are limited to the significant deficiencies regarding the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

Leadership

- There is no approved policy and procedure to ensure adherence to the MFMA requirements regarding the timely reporting of fruitless and wasteful expenditure to the parent municipality and the Auditor General and additionally to address the steps required to recover such expenditure.
- The systems around reporting on predetermined objectives have not been documented in the policy and procedures manual of the entity.

Financial and performance management

- The predetermined objectives to be included in the annual report were not reviewed for completeness prior to submission for audit.
- Pertinent information contained in the monthly budget statements of the entity was not consistently captured in a timely manner to support the reporting requirements of the MFMA.

Auditor General

Port Elizabeth

30 November 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure “C”

Audited Financial Statements

Annexure “C1”

Report on the Consolidated Financial Statements

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

1 JULY 2009 TO 30 JUNE 2010

1. INTRODUCTION

It is my privilege to present the report on the consolidated financial results of the Nelson Mandela Bay Metropolitan Municipality for the financial year ended 30 June 2010.

The Municipality, being classified as high capacity, was required to fully implement Generally Recognised Accounting Practice (GRAP) with effect from the 2008/09 financial year. Accordingly, the consolidated financial statements for the year ended 30 June 2010 have also been prepared in the applicable GRAP format.

The report firstly deals with Key Financial Ratios, Capital Expenditure, the overall Operating Results and the Statement of Financial Position. It concludes with a brief summary of the overall results.

1.1 Performance Review

Below is a brief performance overview comparing the financial results with the financial targets:

	2009/10	2008/09	
Operational Performance	**Actual**	**Actual**	**Target**
Actual operating expenditure to budget	108,67%	97,3%	95%
Actual operating income to budget	115,51%	100,2%	95%
Capital spending to budget	80,14%	99,6%	95%
Personnel Costs to income	26,79%	29,5%	34%
Repairs and Maintenance as % of total Operating Expenditure	7,21%	8,9%	9%
Debt servicing costs to Annual Operating Income	2,38%	1,6%	12%
Net Debtors to Annual Operating Income	9,54%	16,3%	15%
Loan Debt to Income Ratio	25,37%	7,4%	25%
Liquidity			
Debtors collection period (days)	150	176	55
Debtors Collection Rate	93,75%	91,7%	98%
Creditors Turnover (days)	25	29	30

1.2 Key Financial Ratios

This section highlights certain significant ratios relevant to the statement of financial performance and the statement of financial position.

1.3 Statement of Financial Performance

	2009/10	2008/09
1.3.1 Personnel Costs to Income	**26,79%**	**29,5%**

Personnel costs to income express this category of expenditure as a percentage of total income. It indicates whether the control exercised over this expenditure category is reflected in the final results. It is to be noted that the actual 2009/10 personnel costs amounted to 26,79%, compared to the target of 34%. This ratio reflects an improvement over the 2008/09 financial year.

1.4 Statement of Financial Position

The ratios in this section indicate the Municipality's financial position.

	2009/10	2008/09
1.4.1 Turnover Rate of Consumer Debtors (days)	**150**	**176**

This ratio measures the efficiency with which the municipality collects its outstanding debt and converts it back into cash. This ratio reflects an improvement.

	2009/10	2008/09
1.4.2 Consumer Deposits in relation to Consumer Debtors (in days)	**21,7**	**20,5**

Consumer deposits are kept as a security against non-payment by debtors. This ratio reflects how many days of outstanding consumer debtors are covered by cash held as deposits.

The 2009/10 position reflects that 21,7 days of outstanding debtors are covered by security deposits, compared to 20,5 days for 2008/09.

2. CAPITAL EXPENDITURE AND CAPITAL FINANCING

2.1 Capital Expenditure[1]

[1] Capital expenditure is regarded as any expenditure incurred or incidental to the acquisition or improvement of land, buildings, engineering structures and machinery and equipment. This expenditure normally confers a lasting benefit and results in the acquisition of, or extends the life of a fixed asset or long-term work. It includes vehicles, office furniture and equipment but would exclude minor items that are generally regarded as being expendable even though in some instances their useful lives may extend beyond one year.

Capital expenditure incurred during the 2009/10 financial year, compared with the adjustments budget, is as follows:

Directorate	Adjustments Budget	Actual Expenditure	Variance with Adjustments Budget {over/(under)}
	R'000	R'000	R'000
Infrastructure & Engineering	1 824 291	1 376 574	(447 717)
Housing & Land	78 504	79 531	1 027
Economic Development & Recreational Services	241 654	214 808	(26 846)
Safety & Security	93 285	88 930	(4 355)
Corporate Services	58 746	53 802	(4 944)
Budget & Treasury	50 628	51 396	768
Public Health	114 028	81 242	(32 786)
Electricity & Energy	238 482	218 250	(20 232)
Chief Operating Officer	6 000	6 198	198
2010 FIFA World Cup Stadium	152 765	141 600	(11 165)
Strategic Programmes Directorate	53 436	21 119	(32 317)
	2 911 819	**2 333 450**	**(578 369)**
Entity: Mandela Bay Development Agency (MBDA)	270	246	(24)
	2 912 089	**2 333 696**	**(578 393)**

It should be noted that, compared to the 2009/10 Adjustments Capital Budget, the actual expenditure constituted 80,14% of the Adjustments Budget.

In relation to the under spending of R578 million in the 2009/10 financial year, R408 million was carried over to the 2010/11 financial year as it related to committed expenditure for contracts already awarded.

2.2 Capital Financing

The 2009/10 Capital Expenditure was financed as follows:	**R'000**
Capital Replacement Reserve (CRR)	274 208
Levies Replacement Grant	186 021
External Finance Fund	747 990
European Union Funding	9
Equitable Share	747 987
Grants and Subsidies – National Government	14 837
Grants and Subsidies – Provincial Government	13 320
Provincial Housing Board Subsidies	789
Housing Revolving Fund	68 675

Public Contributions	32 214
Municipal Infrastructure Grant	240 482
Department of Minerals and Energy	6 918
TOTAL	**R 2 333 450**
MBDA - Levies Replacement Grant	246
TOTAL	**R 2 333 450**

3. OPERATING RESULTS

The summarised operating results as at 30 June 2010 are as follows:

	2010		
	Actual R'000	**Budget R'000**	**Variance R'000**
REVENUE			
Property rates	756,499	774,525	(18,025)
Service Charges	2,510,971	2,566,236	(55,265)
Interest earned - external investments	65,323	185,926	(120,603)
Interest earned - outstanding debtors	105,783	114,120	(8,337)
Fines	23,415	50,384	(26,969)
Licences and Permits	8,242	7,828	414
Government Grants and Subsidies	2,395,859	1,398,577	997,282
Rental of facilities and equipment	15,545	18,417	(2,872)
Income for agency services	1,219	1,107	113
Other Income	242,987	186,115	56,872
Gains on the disposal of property, plant and equipment	0	7	7
Total Revenue	**6,125,846**	**5,303,241**	**822,605**

	2010		
	Actual R'000	**Budget R'000**	**Variance R'000**
EXPENDITURE			
Employee related costs	1,641,282	1,485,352	155,930
Remuneration of Councillors	44,885	46,311	(1,425)
Bad debts	419,469	44,839	374,630
Collection costs	2,757	3,448	(690)
Contracted services	147,764	86,213	61,551
Depreciation / Amortisation	537,372	452,141	85,231
Impairment	26,686	-	26,686
Repairs and Maintenance	408,118	449,655	(41,536)
Finance charges Paid	146,030	162,370	(16,340)
Bulk purchases	1,237,381	1,234,407	2,973

	2010		
	Actual R'000	**Budget R'000**	**Variance R'000**
EXPENDITURE			
Grants and subsidies paid	283,059	102,072	180,987
General Expenses	757,119	1,141,197	(384.078)
Loss on Foreign Exchange Transaction	3,973	-	3,973
Loss on disposal of Property Plant and Equipment	2,933	-	2,933
Share of loss in associate	725		725
Total Expenditure	**5,659,559**	**5,208,008**	**451,550**
Surplus for the year	**466,287**	**95,233**	**371,054**

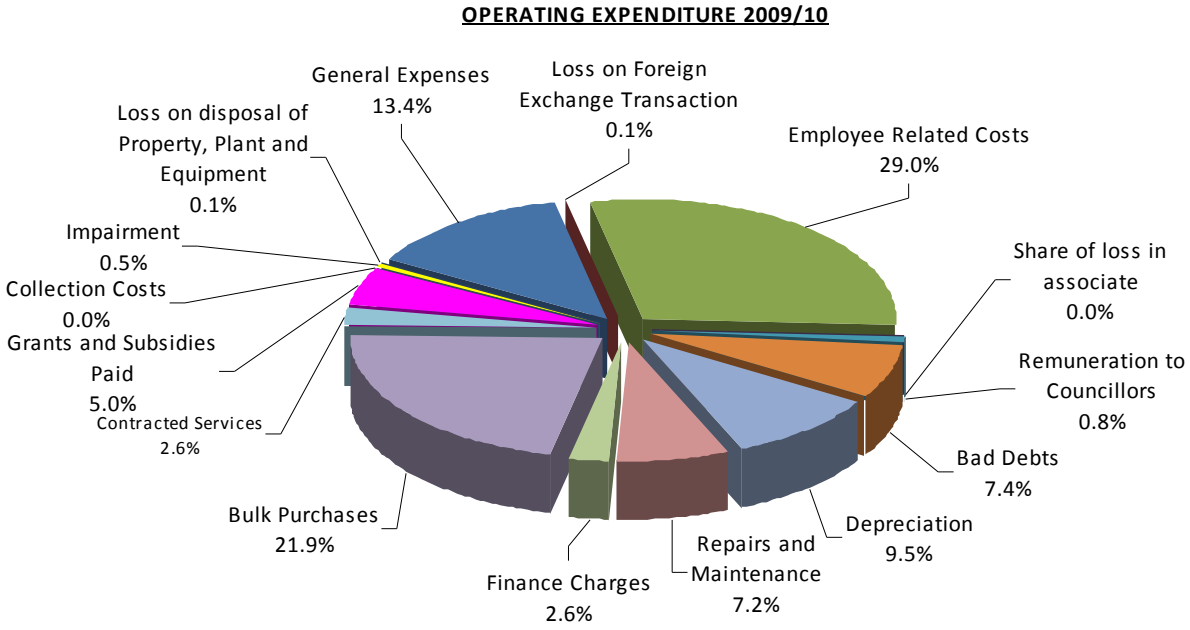
The reasons for the expenditure and revenue variances compared to the budget, are discussed in Section 3.3 of the report.

3.1 Operating Expenditure

The analysis of Council's operating expenditure is as follows:

	R'000	% of Total Expenditure
Employee related costs	1,641,282	29%
Remuneration of Councillors	44,885	0.79%
Bad debts	419,469	7.41%
Collection costs	2,757	0.05%
Contracted services	147,764	2.61%
Depreciation/Amortisation	537,372	9.49%
Impairment	26,686	0.47%
Repairs and Maintenance	408,118	7.21%
Finance charges paid	146,030	2.58%
Bulk purchases	1,237,381	21.86%
	R'000	**% of Total Expenditure**
Grants and subsidies paid	283,059	5%
General Expenses	757,119	13.38%
Loss on Foreign Exchange Transaction	3,973	0.07 %
Loss on disposal of Property, Plant and Equipment	2,933	0.05%
Share of loss in associate	725	0.01%
Total Expenditure	**5,659,559**	**100%**

The expenditure analysis is reflected in the following graph:



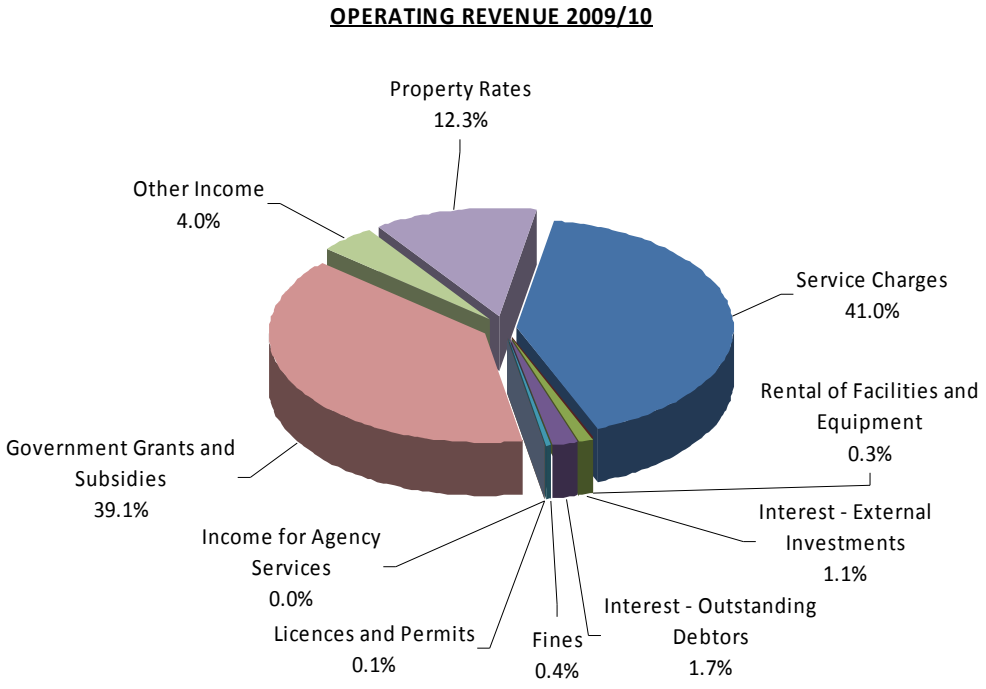
Expenditure such as personnel costs, remuneration of councillors, bulk purchases of electricity and water, general expenses and repairs and maintenance in respect of which Council has limited capacity to adjust in the short term, account for approximately 72,3% of operating expenditure. This leaves limited scope for variation of other expenditure categories.

3.2 Operating Revenue

The following is a breakdown of Council's operating revenue represented by the respective revenue categories:

	R'000	% of Total Revenue
REVENUE		
Property rates	756,499	12.35%
Service Charges	2,510,971	40.99%
Interest earned - external investments	65,323	1.07%
Interest earned - outstanding debtors	105,783	1.73%
Fines	23,415	0.38%
Licenses and Permits	8,242	0.13%
Government Grants and Subsidies	2,395,859	39.11%
Rental of facilities and equipment	15,545	0.25%
Income for agency services	1,219	0.02%
Other Income	242,987	3.97%
Total Revenue	**6,125,846**	**100.00%**

The above breakdown is displayed in the following graph:


OPERATING REVENUE 2009/10
Property Rates 12.3%
Other Income 4.0%
Service Charges 41.0%
Rental of Facilities and Equipment 0.3%
Government Grants and Subsidies 39.1%
Interest - External Investments 1.1%
Income for Agency Services 0.0%
Interest - Outstanding Debtors 1.7%
Licences and Permits 0.1%
Fines 0.4%

Service charges, property rates and grants and subsidies are the major sources of income, constituting 92,4% of the income base.

The net operating results are normally reflected in the statement of financial position, which will now be discussed.

3.3 Operating Results - Variances

Total accrued operating expenditure[2] amounted to R5 659 559 022, whilst the total accrued income amounted to R6 125 845 669. This resulted in an excess of accrued operating income over accrued operating expenditure of R466 286 647 for the year.

After comparing actual accrued expenditure and accrued income with the original budget, the results are attributable to the following:

	R'000	Variance %	R
Expenditure less than budget:			
Councillors' Remuneration	1 425	3,1	
Collection Costs	690	20,0	
Finance Charges Paid	16 340	10,1	
General Expenses	384 078	33,7	
Repairs and Maintenance	41 536	9,2	444 069
	R'000	**Variance %**	**R**
Expenditure greater than budget:			
Employee related costs	(155 930)	(10,5)	
Grants and subsidies paid	(180 987)	(177,3)	
Bad Debts	(374 630)	(835,5)	
Contracted Services	(61 551)	(71,4)	
Depreciation/Amortisation	(85 231)	(18,9)	
Bulk Purchases	(2 973)	(0,2)	
Loss on Foreign Exchange Transaction	(3 973)		
Loss on Disposal of Assets	(2 933)		
Impairment	(26 686)		
Share of loss in associate	(725)		
			(895 619)

[2] Expenditure incurred in the daily operations of the organisation, such as remunerating personnel, transport, repairs and maintenance of equipment, etc

Income in excess of budget:			
Income for agency services	113	10,2	
Government Grants and Subsidies	997 283	71,3	
Other Income	56 872	30,6	
Licences and Permits	414	5,3	1 054 682
Income less than budget:			
Property Rates	(18 025)	(2,3)	
Fines	(26 969)	(53,35	
Interest Earned - External Investments	(120 603)	(64,9)	
Interest Earned – Outstanding Debtors	(8 337)	(7,3)	
Service Charges	(55 265)	(2,1)	
Gain on disposal (PPE)	(7)	100	
Rental of facilities and equipment	(2 872)	(15,6)	(82 349)
			371 054
Budgeted Surplus			**R95 233**
Net accrued surplus for the year			**R466 287**

Detailed below are the reasons for the more significant variations:

3.3.1 Underspending against budget:

3.3.1.1 General Expenses – R384 078

The underspending is mainly due to Housing Top Structures spending being less than budgeted.

3.3.2 Expenditure greater than budget:

3.3.2.1 Bad Debts – R374 630

Bad debts increased due to escalating outstanding debtors.

3.3.2.2 Depreciation – R85 231

Depreciation was R85,2 million more than budgeted due to the higher than anticipated final capital expenditure for 2009/10, resulting in more assets being commissioned. This was also influenced by the review of the respective useful lives of assets, in accordance with the applicable accounting standards.

3.3.2.3 Grants and Subsidies paid – R180 987

The increased spending of R180,9 million is mainly due to a change in accounting practices, with the ATTP subsidies now being classified as grants.

3.3.2.4 Employee related costs – R155 930

The increased spending of R155,9 million is mainly as a result of an increase in the past service liability in respect of post retirement benefits relating to ill health and medical aid contributions.

3.3.2.5 Contracted services – R61 551

The increased spending of R61,6 million is mainly as a result of the 2010 World Cup and increased utilisation of contract security services.

3.3.3 Income in excess of budget:

3.3.3.1 Government Grants and Subsidies – R997 283

The Government grants and subsidies are in excess of the budget largely due to a change in accounting practices, as the original budget did not include the capital expenditure funded from government grants.

3.3.4 Income less than budget:

3.3.4.1 Fines – R26 969

In relation to fines, only 46% of the budgeted income was realised due to various challenges experienced by the Safety and Security Directorate, impacting on its ability to collect fines income.

3.3.4.2 Interest Earned - External Investments – R120 603

The interest earned on external investments was less than budget, due to a significant decline in the investment portfolio.

4. STATEMENT OF FINANCIAL POSITION

The statement of financial position reflects the financial results and policies of Council at a particular point in time. It is a snapshot at the year-end to determine the asset worth of the organisation and to what extent that worth is encumbered.

4.1 Financial Policies

No significant financial policy reviews were undertaken during the year.

4.2 Housing Development Fund

The fund increased by R871 683 (0,8%) from R108,5 million in 2008/09 to R109,4 million in 2009/10.

4.3 Capital Replacement Reserve

The reserve decreased by R66,6 million (23,1%) from R287,7 million in 2008/09 to R221,1 million in 2009/10.

4.4 Donations and Public Contribution Reserve

The fund increased by R134,8 million (65,4%) from R206,1 million in 2008/09 to R340,9 million in 2009/10.

4.5 Government Grant Reserve

The fund increased by R700 million (25,7%) from R2,8 billion in 2008/09 to R3,5 billion in 2009/10.

4.6 Non-current Liabilities

4.6.1 Long Term liabilities[3]

Long term liabilities amounted to R1,4 billion in 2009/10 compared to R388,2 million in 2008/09 and are made up as follows:

	2009/10 R'000	2008/09 R'000
External loans	1 449 914	377 371
Brookes Bequest	9 873	9 285
Contract Retention Creditors	1 228	1 517
	R1 461 015	**R388 174**

The increase is mainly attributable to the raising of new loans in the amount of R1, 165 billion.

4.6.2 Non-Current Provisions

4.6.2.1 Provision for Rehabilitation of Landfill Sites

Provision has been made for the costs relating to the rehabilitation of landfill sites situated at Arlington, Koedoeskloof and Ibhayi. The costs as determined were discounted to the present day costs of rehabilitating the tip sites by adjusting for inflation related increases and applying a discounting factor equivalent to the average cost of borrowing. The discounted rehabilitation costs of landfill sites amounted to R130,9 million as at 30 June 2010. The provision was accordingly determined at R130,9 million, compared to R97, 7 million in 2008/09.

[3] Long term liabilities consist of mainly external loans repayable over a period of longer than one year after the balance sheet date.

4.6.3 Employee Benefits Provisions

4.6.3.1 Provision for Post Retirement Benefits

This Provision was determined at R843,7 million, based on an actuarially assessed valuation as at 30 June 2010, compared to R722,1 million in 2008/09. The provision fully covers the liability relating to post retirement benefits.

4.7. Property, Plant and Equipment

Property, plant and equipment include infrastructure, buildings, plant and equipment, and amounted to R10,8 billion at year-end, compared to R7,3 billion in 2008/09. The increase of R2,5 billion is mainly attributable to the carrying value of the 2010 Soccer Stadium in the amount of R1,8 billion being transferred from Investment property to Property, Plant and Equipment in terms of the relevant accounting practices.

4.8. Investment Property

Investment property includes land and buildings and amounted to R70,8 million at year-end, compared to R1,9 billion in 2008/09. The decrease is mainly attributable to the carrying value of the 2010 Soccer Stadium in the amount of R1,8 billion being transferred from Investment Property to Property, Plant and Equipment in terms of the relevant accounting practices.

4.9. Cash and Investments

Investments and short-term investment deposits amounted to R671,8 million at year-end, compared to R926,3 million in 2008/09.

The total amount invested, contains certain monies earmarked for specific purposes, over which Council has limited discretion.

4.10. Debtors

Debtors amounted to R1 344 394 841 before the deduction of the Provision for Doubtful Debts of R759 979 578.

The relatively high level of outstanding debtors is a source of concern for the following main reasons:

- ◊ it diminishes the ability to spend on infrastructure development required for anticipated economic growth and to address service backlogs in the underdeveloped areas;

- ◊ it influences Council's credit rating and ability to raise loans on competitive terms;

◊ it limits the ability to budget for growth;

◊ it affects tariffs negatively, requiring higher than inflation increases.

◊ it influences the level of expenditure on the maintenance of assets.

The inability to collect outstanding debts timeously is reflected in the debtors' collection period. The situation is as follows:

4.10.1 Average Debtors' Collection Period for Electricity, Water, Refuse, Sewerage and Property Rates

	2009/10	2008/09
Debtors (R'000)	1 344 394	1 367 932
Tariff Income and Rates (R'000)	3 267 470	2 829 551
Number of Days	150	176
Target	55	55

The following measures have been implemented to arrest the growth in arrear debtors:

- The Revenue Enhancement Strategy is being implemented to improve revenue collection.
- The Assistance to the Poor Policy (ATTP) has been reviewed, so that debts relating to ATTP account holders can be written off at the end of each month.

5. OVERALL RESULTS AND COMMENTS

The overall financial results are generally considered to be acceptable. In order to sustain this situation the maintenance of sound financial management practices is required as well as mitigating the risks that impact on financial sustainability by instituting appropriate measures to address such risks.

The present risks are essentially the following:

- Continued non-payment of accounts by debtors.
- The requirement to contain personnel costs.
- Non-compliance with sound financial management practices.
- Limited spending on the maintenance and renewal of infrastructure assets.
- Possible acceptance by the municipality of unfunded mandates, such as the provision of Housing, Health, Roads and Library Services.
- Financial implications associated with the establishment of REDS.
- Replenishment of the Capital Replacement Reserve.
- Insufficient cashbacking of the 2010/11 Budget and subsequent budgets.
- The need to enhance the Municipality's revenue base.

Annexure “C2”

Consolidated Annual Financial Statements

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

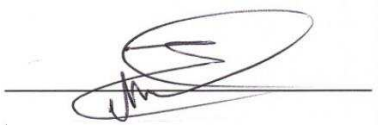
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

30 June 2010

I am responsible for the preparation of these financial statements, which are set out on pages 258 to 695, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs' determination in accordance with the Act.



E NTOBA – HDE B PROC, LLM

Acting Municipal Manager

30/09/2010
Date

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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ACCOUNTING POLICIES OF THE ECONOMIC ENTITY TO ACCOMPANY ITS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PRESENTATION

The consolidated financial statements are prepared on the accrual basis of accounting and are measured at cost except where otherwise stated.

The consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) as prescribed by the Minister of Finance in terms of General Notice 991 or 992 in Government Gazette 28095 and General Notice 516 in Government Gazette 31021 dated 9 May 2008, Directive 5 and 7 (Determining the GRAP Reporting Framework) that was issued by the Accounting Standards Board (ASB) during March 2009 and July 2009 respectively.

The following standards summarised below are approved but not yet effective:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the International Public Sector Accounting Standards (IPSAS) including any interpretations of such Statements issued by the Accounting Standards Board in terms of the application of Directive 5 and 7.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

Details of the Economic Entity's significant accounting policies are set out below:

- Adoption of the benchmark treatment relating to GRAP 5, Borrowing Costs, whereby borrowing costs are recognised as an expense and charged to the Statement of the Financial Performance when incurred. The Economic Entity has adopted this approach as it is impracticable to capitalise borrowing costs to numerous different capital projects.

In the process of applying the Economic Entity's accounting policies, management has made the following significant accounting key judgements, estimates and assumptions, which have a significant effect on the amounts recognised in the financial statements.

- Operating lease commitments – the Economic Entity as lessor

The Economic Entity's has entered into commercial property leases on its investment property portfolio. The Economic Entity has determined that it retains all the significant risks and rewards of ownership of these plans.

- Pension and other post-employment benefits

The cost of defined benefit plans and other employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. For key assumptions refer Note 47 of the Financial Statements.

- Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

- Provisions and contingent liabilities

Management judgment is required when recognising and measuring provisions and contingent liabilities. Provisions have been discounted where the effect of discounting is material using actuarial valuations. Refer Accounting Policy note 8 of the Financial Statements.

- Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Refer note 15 of the Financial Statements.

- Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

- *Provision for Rehabilitation of Refuse Landfill Sites*

The Economic Entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The
cost factors as determined have been applied and projected at an inflation rate of 5.5% and discounted to the present value at the average borrowing cost of 11.3475%.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Nelson Mandela Bay Economic Entity, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Economic Entity.

3. MUNICIPAL ENTITIES

Municipal entities are all controlled entities over which the Economic Entity has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

4. PRESENTATION CURRENCY

These consolidated financial statements are presented in South African Rand.

5. GOING CONCERN ASSUMPTION

These consolidated financial statements have been prepared on a going concern basis.

6. COMPARATIVE INFORMATION

6.1 Current year comparatives (Budget):

Budgeted amounts have been included in the appendices supporting the consolidated financial statements for the current financial year only. Refer to the Statement of Financial Performance.

6.2 Prior year comparatives:

When the presentation or classification of items in the consolidated financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reasons for the reclassification and restatement are disclosed in Note 40 to the Financial Statements.

7. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Economic Entity were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

8. RESERVES

The Economic Entity maintains various reserves in terms of specific requirements.

8.1 Capital Replacement Reserve (CRR) – Internal reserve administered within the Accumulated Surplus for control purposes.

In order to finance the provision of infrastructure and other items of property, plant and equipment, investment property and intangible assets from internal sources, amounts are transferred from the accumulated surplus (deficit) to the CRR in terms of a Council resolution. The CRR can only be utilised to finance items of property, plant and equipment, investment property and intangible assets.

The amount transferred to the CRR is based on the Economic Entity's need to finance future capital projects included in the Integrated Development Plan.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that support the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Economic Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, investment property and intangible assets and may not be used for the maintenance of these items.
- Whenever an asset is purchased from the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred, via the Statement Changes in Net Assets, to the CRR, provided that it is cash backed.

8.2 Capitalisation Reserve (CR) – Internal reserve administered within the Accumulated Surplus for control purposes.

With the implementation of GAMAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus (deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus (deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus (deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus (deficit).

8.3 Donations and Public Contributions Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.

When items of property, plant and equipment, investment property and intangible assets are financed from public contributions and donations, a transfer is made from the accumulated surplus (deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment investment property and intangible assets are depreciated or amortised, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment, investment property and intangible assets financed from donations and public contributions.

When an item of property, plant and equipment, investment property and intangible assets is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus (deficit).

8.4 Self - Insurance Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.

A Self-Insurance Reserve exists to provide cover for selected risks including fire, storm, workmen's compensation, public liability and motor vehicles. The reserve is re-insured externally to cover major losses.

Premiums are charged to the respective Directorates at market related rates, taking into account past experience of claims and replacement values of the insured assets.

The reserves covers the first R10 000 000 in respect of fire insurance, R5 000 000 in respect of public liability insurance and R3 000 000 in respect of fidelity guarantee insurance, of any one claim.

The maximum aggregate exposure during any one year in respect of public liability insurance amounts to R10 000 000 and in respect of fidelity guarantee insurance amounts to R17 000 000. There is no maximum aggregate exposure in respect of fire insurance.

Claims in excess of the above maximum aggregate exposures are covered by re-insurance.

8.5. Compensation for Occupational Injuries and Diseases (COID) Reserve

The Economic Entity has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act.

The certificate of Exemption issued by the Commissioner and as prescribed by the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), requires that the Economic Entity deposits cash and/or securities relating to COID, with the Commissioner, the market values of which in aggregate, shall not be less than the capitalised value of the continuing liability of the Economic Entity as at 31 December of each year.

The continuing liability is that of pensions, with the capitalised value being determined on the basis of an actuarial determination as prescribed by the Commissioner. A COID reserve has been established to at least equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner and the Economic Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

8.6 Government Grant Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.

When items of property, plant and equipment, investment property and intangible assets are financed from government grants, a transfer is made from the accumulated surplus (deficit) to the Government Grant Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular issued by National Treasury. When such items of property, plant and equipment, investment property and intangible assets are depreciated or amortised, a transfer is made from the Government Grant Reserve to the accumulated surplus (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government funded items of property, plant and equipment, investment property and intangible assets are offset by transfers from this reserve to the accumulated surplus (deficit).

When an item of property, plant and equipment, investment property and intangible assets financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus (deficit).

9. CONDITIONAL GRANTS AND RECEIPTS

Refer note 23 for recognition and measurement of this revenue.

Income received from conditional grants, donations and subsidies are recognised to the extent that the Economic Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

9.1 Grants and receipts of a revenue nature

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

10. PROVISIONS

Provisions are recognised when the Economic Entity has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the Statement of Financial Position reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where applicable, the risk of the liability.

10.1 EMPLOYEE BENEFITS

The Economic Entity operates 3 defined benefit pension plans, both of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (further detail is available in Note 47), less past service costs and actuarial gains and losses not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Economic Entity, nor can they be paid directly to the Economic Entity.

Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. It should be noted that there are currently no plan assets.

10.1.1 Medical Aid: Continued Members

The Economic Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the Economic Entity is associated, a member on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the Economic Entity for the remaining portion.

The actuarial gain or loss is recognised in Profit or Loss of the Statement of Financial Performance.

10.1.2 Short-term employee benefits

The costs of all short-term employee benefits, such as leave pay, are recognised as they accrue to employees. The liability is based on the total amount of leave days due to the employees at year end and on the total remuneration package of the employee.

The actuarial gain or loss is recognised in Profit or Loss of the Statement of Financial Performance.

10.1.3 Gratuity Provision

A provision in respect of the liability relating to gratuities payable to employees that were not previously members of a pension fund is maintained.

10.1.4 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained.

10.2 OTHER PROVISIONS

10.2.1 Provision for Rehabilitation of Refuse Landfill Sites

The applicable GRAP standard states that a provision should be recognised where there is a present obligation to rehabilitate sites.

The Economic Entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The
cost factors as determined have been applied and projected at an inflation rate of 5.5% and discounted to the present value at the average borrowing cost of 11.3475%.

10.2.2 Provision for Rehabilitation of Swartkops River

The provision is in relation to the Economic Entity's obligation to address the environmental pollution of the Swartkops River.

11. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognised when it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are recognised when it is probable that future economic benefits or service potential associated with the

item will flow to the Economic Entity, and the cost of fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. In addition, the cost includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the Economic Entity for no or nominal consideration, the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component if the recognition criteria is met.

Subsequent to initial recognition, property, plant and equipment is stated at cost, less accumulated depreciation, less any accumulated impairment in value. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The Economic Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

The asset's residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

The consolidated depreciation rates are based on the following estimated asset useful lives:-

	Intangible	Useful Life Range in Years	**Land & Buildings**	Useful Life Range in Years
	Computer Software	5	Buildings	15 - 50
	Website Development	5	Land	Indefinite Life
	Other Assets	Useful Life Range in Years	**Infrastructure Assets**	Useful Life Range in Years
	Bins & Containers	10	Roads, Sidewalks & Stormwater Networks	5 - 100
	Emergency & Medical Equipment	15	Beach Developments	30 - 50
	Vehicles & Plant	4 - 30	Electricity Reticulation & Supply	10 - 80
	Office Furniture & Fittings	3 - 10	Sewerage Mains & Purification Works	15 - 80
	Landfill Sites	50	Waste Disposal Facilities	20 -100
	Security Systems	5 - 15	Water Supply & Reticulation	10 - 50
	Tip Sites	30	Dams & Treatment Works	25 - 100
	Computer Hardware	4 - 8		
	Community Assets	Useful Life Range in Years	**Heritage Sites**	Useful Life Range in Years
	Libraries	15 - 50	Memorials & Statues	Indefinite Life
	Fire Stations	15 - 50	Heritage Sites	Indefinite Life
	Cemeteries	15 - 50	Museums	Indefinite Life
	Clinics	15 - 50	Art Works	Indefinite Life
	Community Centres	15 - 50		
	Public Conveniences	15 - 50		
	Swimming Pools	15 - 50		
	Recreational Facilities	15 - 50		
	Selling & Letting Schemes	15 - 50		

	Investment Property	Useful Life Range in Years
	Investment Property	
	- Land	Indefinite Life
	- Other	15 - 50

11.1 Impairment of cash and non-cash generating assets

Property, plant and equipment is assessed on annual basis, for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance represents the excess of the carrying value over the recoverable amount of the asset.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

11.2 Non-current assets held for sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition only applies when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Assets classified as held-for-sale are measured at the lower of the asset's carrying amount, or fair value less cost to sell the asset. Therefore these assets are not depreciated.

11.3 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

12. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Economic Entity can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

13. INVESTMENT PROPERTY

Investment Property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

Investment property is properties held to earn rental income, as well as for capital appreciation, and are stated at cost less accumulated depreciation and

accumulated impairment. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Investment property excludes owner-occupied property that is used in the production or supply of goods and services, or for administrative purposes, or property held to provide a social service.

Investment Property is stated at fair value at date of acquisition.

Investment Property is subsequently measured at cost; therefore it is depreciated over its useful life, taking into account the residual value if any. Refer policy note 9.

An Investment Property is derecognised when there is a disposal or no future economic benefits are to be derived and all gains or losses are recognised in the Statement of Financial Performance.

The assumptions for determining the fair value of the Investment property is set out in note 12 of the Financial Statements.

14. BORROWING COSTS

Borrowing costs are recognised as an expense and are charged to the Statement of the Financial Performance when incurred. The Economic Entity has adopted this approach as it is impracticable to capitalise borrowing costs to numerous different capital projects.

15. INVENTORIES

Consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG) are valued at the lower of cost or net realisable value. In general, the basis of determining cost is the first-in, first-out (FIFO) method. Where inventories are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost or current replacement value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

The cost of water purchased and not yet sold as reflected in the statement of financial position comprises the purchase price and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

16. PROVISION FOR OBSOLETE INVENTORY

A provision is maintained in lieu of obsolete inventory. The level of the provision for obsolete inventory is the value equivalent to the value of inventory assessed as obsolete at financial year-end.

17. INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

19. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value, and subsequently stated at amortised cost, less provision for impairment. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the Council. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

A provision for impairment of trade receivables is established when there is objective evidence that the Economic Entity will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for doubtful debts based on past default experience of all outstanding amounts at year-end.

20. PROVISION FOR DOUBTFUL DEBTS

For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

In accordance with IAS 39 the Provision for Doubtful Debts has been deducted from the amount outstanding by consumer debtors at 30 June 2010.

Other debtors are also assessed on annual basis for impairment.

21. TRADE PAYABLES AND OTHER PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

22. FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Economic Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial Assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Economic Entity has transferred substantially all risks and rewards of ownership, or when the Economic Entity loses control of contractual rights that comprise the assets.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

22.1 FINANCIAL ASSETS

Initial recognition and measurement

Financial assets within the scope of IAS 39 (AC133) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Economic Entity classifies its financial assets according to the following categories:

- Held to maturity
- Loans and receivables

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Economic Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Subsequent measurement

The categorisation of financial assets can be found in note 51 in the notes to the financial statements. The subsequent measurement of financial assets depends on their categorisation which is as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the Statement of Financial Performance.

The Economic Entity did not have any financial assets at fair value through profit or loss during the years ended 30 June 2010 and 2009.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Financial Performance. The losses arising from impairment are recognised in the Statement of Financial Performance in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Economic Entity has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Financial Performance. The losses arising from impairment are recognised in the Statement of Financial Performance in finance costs.

The Economic Entity did not have any held-to-maturity investments during the years ended 30 June 2010 and 2009.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised the Statement of Changes to Net Assets in the until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the Statement of Financial Performance in finance costs and removed from the available-for-sale reserve.

The Economic Entity did not have any available-for-sale financial investments during the years ended 30 June 2010 and 2009.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Economic Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass - through' arrangement; and either (a) the Economic Entity has transferred substantially all the risks and rewards of the asset; or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a 'pass - through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

In that case, the Economic Entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Economic Entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

Impairment of financial assets

The Economic Entity assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in

interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

For financial assets carried at amortised cost the Economic Entity first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Financial Performance. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Available-for-sale financial investments

For available-for-sale financial investments, the Economic Entity assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Financial Performance) is removed from other comprehensive income and recognised in the Statement of Financial Performance. Impairment losses on equity investments are not reversed through the Statement of Financial Performance; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Financial Performance.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Financial Performance, the impairment loss is reversed through the Statement of Financial Performance.

22.2 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Economic Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Economic Entity's financial liabilities include trade and other payables, consumer deposits, loans and borrowings.

The Economic Entity measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Subsequent measurement

The categorisation of financial liabilities can be found in note 51 in the notes to the financial statements. The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Financial Performance.

The Economic Entity has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Financial Performance when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the Statement of Financial Performance.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

23. REVENUE RECOGNITION

Revenue is only recognised once all the following have been satisfied:

a) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) the amount of revenue can be measured reliably;
c) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received, excluding indirect taxes, rebates and discounts, and consists primarily of property rates, grants from National and Provincial Government, service charges, rentals, interest received, and other services rendered. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Revenue also includes the issuing of licences and permits.

23.1 Revenue from Exchange Transactions

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised on the accrual basis.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Service charges relating to electricity and water are based on consumption. Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high tension electricity supplies are read and billed monthly. All electricity and water meters within and outside the municipal boundary are read and billed monthly.

Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

Interest and rentals are recognised on a time proportion basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund, COID reserve, Self Insurance Reserve or the CCR.

Interest earned on the following investments is not recognized in the Statement of Financial Performance:

- Interest earned on trust funds is allocated to the fund concerned
- Interest earned on unutilized conditional grants is allocated to the creditor, if grant conditions indicate that interest is payable to the funder.

Dividends are recognised on the date that the Economic Entity right to receive payment is established.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.

Revenue from the sales of goods is recognised when the risk and rewards of ownership is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is available for use. Where public contributions have been received but the Economic Entity has not met the condition, a liability is recognised.

23.2 Revenue from Non-Exchange Transactions

Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned.

Fines are recognised when it is probable that future economic benefits will flow to the Economic Entity, the costs can be reliably measured and all restrictions have been complied with.

Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information received from the courts, it is not possible to measure this revenue in the invoicing period.

Donations are recognised on a cash receipt basis or at fair value where the donation is in the form of property, plant and equipment, when the risks or reward of ownership have been transferred to the Economic Entity.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are available for use.

Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is available for use. Where public contributions have been received but the Economic Entity has not met the condition, a liability is recognised.

24. LEASES

24.1 The Economic Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity. Assets subject to leases are recognised at the lower of the fair value of the assets and the present value of the minimum lease payments. Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

24.2 The Economic Entity as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Economic Entity's net investment in the lease. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Economic Entity's net investment outstanding in respect of the leases or instalment sale agreements.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

25. VALUE ADDED TAX

The Economic Entity accounts for Value Added Tax on the payments basis.

26. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Economic Entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Economic Entity's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised

expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

30. POST BALANCE SHEET EVENTS

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Economic Entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Economic Entity will disclose the nature of the event and an estimate its financial effect, or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

31. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Economic Entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity makes an estimate of the assets or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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36.4 Supply Chain Management Policy

SCHEDULE FOR RECORDING DEVIATION FROM NORMAL PROCUREMENT PROCESS FOR SUBMISSION TO COUNCIL AS REQUIRED IN TERMS OF REGULATION 36 OF THE SUPPLY CHAIN MANAGEMENT POLICY

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
1.	Installation and maintenance of surveillance cameras – drivers' licence testing centre, Uitenhage.	R 36 252	Boxless Innovations	1 June 2009	The Traffic and Licensing Sub-directorate became aware of irregularities at the Drivers' Licence testing Centre in Uitenhage. On investigation by the Safety and Security Directorate it became clear that suspicious activities were taking place and the installation of surveillance cameras was accordingly approved by the Municipal Manager. Due to the seriousness of this matter and the fact that it was a sensitive and covert operation where the leaking of information could have jeopardized the investigation, normal tender procedures

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					could not be followed to appoint a service provider to install the cameras and the original supplier of the security system at the centre was, therefore appointed to install the cameras
2.	Contract 149 – maintenance and repair of Algoa House passenger lift.	R 30 444.84 inclusive of VAT	Otis (Pty) Limited	27 May 2009	Given the reasons advanced in the report by the Executive Director : Corporate Services to the Adjudication Committee meeting held on 5 May 2009 and in particular the fact that Otis (Pty) Limited was the original designer and supplier of the lift, and further given the requirements of regulation 6 of the OHS Act and that no work had been undertaken by the contractor since the expiry of the contract and further having regard to the evidence provided by the Executive Director : Corporate Services that the price offered by Otis was competitive, it was accordingly

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That the offer of Otis (Pty) Limited for the maintenance and repair of the Algoa House passenger lift, over a period of three years, under Contract Enquiry 149 in the amount of R30 444,84 inclusive of VAT, for the first year and increasing for the second and third years based on the Consumer Price Index, be accepted
3.	Hosting of Swallow partnership delegation from North East England – The Barn, Opera House.	R 2,000	The Barn, Opera House	26 May 2009	In view of the fact that the Opera House has its own liquor licence and the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					economic entity, therefore, had no other choice but to purchase the beverages (soft drinks and wine) consumed at the finger supper held at the barn from that establishment, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) and (v) therefore for that purpose
4.	Appointment of Access Facilities and Leisure Management Company (Pty) limited as stadium operator – Nelson Mandela Bay multi-purpose stadium.		Access Facilities and Leisure Management Company (Pty) Limited	1 June 2009	Given that Access Facilities and Leisure Management Company (Pty) Limited has been selected as the preferred bidder for the function of stadium operator and given that the Nelson Mandela Bay Municipality requires the services of an operator for an interim period for specific functions whilst a final agreement is being negotiated, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That the official procurement processes of the Municipal Supply Chain Management Policy be dispensed with in terms of paragraph 36(1)(a)(v) thereof in that the current transaction is an exceptional case where it was impractical or impossible to follow the official procurement processes. (b) That the agreement attached to file copy (Agreement One) be concluded between the Economic entity and Access Facilities and Leisure Management Company (Pty)

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Limited. (c) That direct negotiations continue in terms of paragraph 24 of the Municipal Supply Chain Management Policy with a view to concluding the agreements envisaged in the Adjudication Committee's recommendation. (d) That subject to the operator being informed that the Nelson Mandela Bay Municipality's written consent as envisaged in 4.23, and notwithstanding 4.37.4, will not be provided unless it was satisfied that the process followed for the acquisition of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					goods or services giving rise to the expenditure in question have been secured by a process which is fair, equitable, transparent, competitive and cost effective.
5.	Contract C365w – supply and installation of an operation and maintenance management system for water and sanitation – increase in contract sum.	R 794 751.35	Hydro-Comp Enterprises (Pty) Limited	1 June 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 28 May 2009, the recommendation of that Committee and given that the contract for the supply, installation and maintenance of the EDAMS Operation and Maintenance Management System is still extant, and that the extension to the system is now required for GRAP compliance and the rates quoted by the supplier are the same as originally quoted, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That the approved contract sum of C365W – Supply and Installation of an Operation and Maintenance Management System for Water and Sanitation with Hydro-Comp Enterprises (Pty) Limited be increased by R794 751,35 from R2 299 503,00 to R3 094 254,35 inclusive of VAT and 15% contingency.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
6.	Branding rights and branding material for pedestrian bridge at ironman event – 2010 FIFA World Cup.	R171, 000.00 (VAT inclusive)	South African Triathlon Corporation (Pty) Limited t/a Ironman South Africa	23 April 2009	The 2010 FIFA World Cup Directorate acquired the rights to advertise the event on the branding material to clad the pedestrian bridge erected for the Ironman event. SA Triathlon Corporation (Pty) Limited (the organizers of Ironman) have a three year contract with a supplier to brand the bridge and in order to acquire the rights, it was necessary to use that supplier, through SA Triathlon Corporation (Pty) Limited. It is clearly not possible to follow a competitive process
7.	Contract C5565 – tarring and upgrading of 28 cul-de-sacs in Motherwell phase 3(a), Port Elizabeth – cancellation of contract and substitution of contractor.	R3 402 101.82, inclusive of VAT and contingencies	Izana Civils	23 April 2009	For the reasons more fully motivated in the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting, held on 6 April 2009 and the recommendation of the Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v), thereof. (b) That the tender of Izana Civils, under Contract No. 5565: Tarring and Upgrading of 28 cul-de-sacs in Motherwell, Phase 3A, in the amount of R3 402 101.82, inclusive of VAT and contingencies, subject to escalation, in terms of the contract, be accepted.
8.	Training of youth from Motherwell for a call centre investor to be located in the Coega industrial development zone.	R 2,000,000	Coega Development Corporation (Pty) Limited	12 May 2009	A new investor to be located in Coega IDZ has indicated its willingness to employ youth from Motherwell Township and MURP has provided an amount of R2 million for the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					training of the Motherwell youth. As CDC has a well resourced and accredited training unit, (Human Capital Solutions) (HCS), the Economic Development and Recreational Services Directorate is of the opinion that the training of the youth should be co-ordinated by the CDC's HCS Unit, who can support and meet all the human resources and training requirements of investors that locate at the Coega IDZ. The Nelson Mandela Bay Municipality will enter into a partnership agreement with the Coega Development Corporation for the training of the youth for the investor as detailed in the report by the Executive Director : Economic Development and Recreational Services.
9.	2010 FIFA World Cup directorate – payment of Siyakhula technologies (Pty) limited and Business Connexion – incorporation of visitors	R338,092.45 (inclusive of VAT) and R108,000.00 (exclusive of VAT)	Siyakhula Technologies (Pty) and Business Connexion	20 May 2009	Siyakhula Technologies (Pty) Limited was appointed by the Department of Environmental Affairs and Tourism to

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
	information system (vicensys) in Nelson Mandela Bay Municipality's corporate GIS.	respectively			establish and upgrade the Nelson Mandela Bay Tourism's Visitors Information System (VICENSYS) in Nelson Mandela Bay and 4 other Host Cities to equip them with the necessary infrastructure in preparation for the 2010 FIFA World Cup. In order to integrate the applications developed by Siyakhula Technologies for the Nelson Mandela Bay Tourism in the Nelson Mandela Bay Municipality's Corporate GIS Database, this company was appointed to provide this service and Business Connexion, the Nelson Mandela Bay Municipality's appointed service provider who provides support, development and administration of the Nelson Mandela Bay Municipality's Corporate GIS Application (ArcGIS Server) was best suited to undertake the proposed integration.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
10.	Deviation – upgrading of Phillips Sopho IS1000 PABX telephone system – disaster management (south end fire station) and integration of satellite disaster management offices' telephone systems.	R583,764.30, inclusive of VAT	GijimaAst	9 June 2009	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 28 May 2009, the recommendation of that Committee and having received confirmation of the competitiveness of the price submitted by the contractor, which reveals that it is comparable with similar work carried out for Nelson Mandela Bay Municipality previously, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That the offer of GijimaAst for the upgrading of the Phillips Sopho IS1000 (PABX Telephone System (Disaster Management – South End Fire Station) and integration of satellite Disaster Management offices' telephone systems, in the amount of R583 764,30, inclusive of VAT, be accepted.
11.	Extension of validity period of contracts – waste management community co-operatives		Cocisizwe (Soweto-on-Sea), Sodlasonke (Walmer/Gqebera), Eyabafazi (Matthew Goniwe Hostel), Kuphilwa Phi (Joe Slovo) and Ncedolwethu (Blue Horizon Bay, Seaview and Kini Bay)	9 June 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 28 May 2009 and the recommendation of that Committee, it was **RESOLVED**: (a) That the services of Cocisizwe (Soweto-On-

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Sea), Sodlasonke (Walmer/Gqebera), Eyabafazi (Matthew Goniwe Hostel), Kuphilwa Phi (Joe Slovo), and Ncedolwethu (Blue Horizon Bay, Seaview and Kini Bay), be further procured on a month-to-month basis, on the same terms and conditions as previous, pending the finalisation of the tender process for these services, but not beyond 30 September 2009. (b) That the Supply Chain Management Policy be departed from, in terms of paragraph 36(1)(a)(v), to obviate the need for tenders.
12.	Use of Nursingwise CC to provide nursing staff to the public health directorate on a temporary basis.		Nursingwise CC	8 June 2009	The Corporate Services Directorate submitted a report to the Adjudication Committee meeting held on 8

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					October 2008 to consider the tenders received in respect of the appointment of a panel of recruitment agencies to provide staff and related services to the Nelson Mandela Bay Municipality. The report was however, inadequate and referred back to the Directorate to draw up new specifications and to re-advertise. Nursingwise CC was nevertheless the only tenderer in the category. The Public Health Directorate had been making use of the services of Nursingwise CC to fill vacancies of nursing staff on a temporary basis and until such time as the new tender is finalised and the appointment of a new panel confirmed by the Adjudication Committee, it was **RESOLVED:** That the services of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Nursingwise CC be utilised to provide temporary nursing staff as required from time to time for a further period extending no later than 30 August 2009 and that paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) accordingly.
13.	That CSKD Trading Enterprise cc be appointed to supply 250 soccer shirts with 3 logos.	R54 150,00 (inclusive of VAT).	CSKD Trading Enterprise cc	11 June 2009	Given the reasons advanced in the report of the Executive Director : World Cup 2010 dated 7 May 2009 and supplemented by the further report dated 18 May 2009 reflecting the delays in the process in the Supply Chain Management Division arising inter alia, from staff shortages due to illness and demands of election related procurement and the need for the goods to be available for the Indaba, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That the provisions of paragraph 18 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) to obviate the need for formal tenders.
14.	Purchasing of premiums and corporate merchandise – 2010 FIFA World Cup South Africa directorate.	R1 250,000.00	Picto Bushby (Pty) Limited	13 May 2009	In order to promote the 2010 FIFA World Cup in Nelson Mandela Bay, the Nelson Mandela Bay Municipality's 2010 FIFA World Cup Directorate intends to purchase premiums and corporate merchandise bearing the composite logo, as give aways. As the service providers for the provision of these services had been contracted by FIFA, the Nelson Mandela Bay Municipality was obliged to make use of their services in terms of the Host City Agreement. Authority was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					therefore granted to depart from the provisions of the Municipal Supply Chain Management Policy
15	Authority to purchase waste compactors on eThekwini municipality contract : contract cf/04/08	R 7 335 293, 82	Ethekwini Municipality with MAN Truck and Bus:	2 July 2009	Funding is available on the Public Health Directorate's 2008/09 Capital Budget for the purchase of three industrial and one domestic refuse compactor. Should these vehicles be obtained through a competitive process in terms of the provisions of the Municipal Supply Chain Management Policy, the procurement thereof will extend beyond 30 June 2009 and the funding will be lost. Ethekwini Municipality has however secured a contract to procure similar units and was prepared to allow NMBM to obtain its vehicles through the Ethekweni's supplier, MAN Truck and Bus.
16	Extension of services of Nationwide and Umsimbithi security services for the provision of security services to NMBM.		Nationwide Security and Umsimbithi Security Services	25 June 2009	The tender for the three-year contract for contracted security services (Contract Enquiry 45/5) for the period 1

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					July 2009 to 30 June 2012 closed on 7 May 2009. Due to the limited time available (17 working days), the Safety and Security Directorate was unable to evaluate the tenders of the thirteen service providers received to meet the deadlines of the Evaluation Committee and Adjudication Committee meetings. It was therefore requested that the current contract of Nationwide and Umsimbithi Security be extended on a month-to-month basis until 30 September 2009 in order to allow the Safety and Security Directorate sufficient time for the evaluation process to be completed properly and finalisation of the Evaluation and Adjudication Committee processes.
17	Extension of full maintenance lease agreement with Vuswa Fleet Services (Pty) Limited		Vuswa Fleet Management Services (Pty) Limited	11 June 2009	Having considered the report by the Executive Director : Safety and Security and given

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					that the original period of the full maintenance lease for the 43 traffic vehicles has expired and has been extended on a number of occasions to enable the Directorate to develop a replacement plan including an appropriate funding model and that the Directorate has now identified funds for the progressive replacement of the vehicles during 2008/09 and 2009/10, it was accordingly **RESOLVED:** That the full maintenance lease agreement with Vuswa Fleet Management Services (Pty) Limited for the existing 43 traffic vehicles be extended with effect from 8 February 2009 as follows: (a) In respect of 43 vehicles, for the period from 8 February 2009 until receipt by the Directorate

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					of the 9 vehicles to be acquired from Fleet Management Services (approximately mid July 2009); (b) In respect of the remaining 34 vehicles, for a period terminating upon the receipt by the Directorate of the further vehicles to be acquired by government tender (approximately 26/27 vehicles) (approximately end July 2009); (c) In respect of the remaining 7 of 8 vehicles, for a period until receipt by the Directorate of a similar number of vehicles to be acquired with funding secured in the 2009/10 budget (approximately end August 2009)
18	Road to 2010 legacy programmes at the national juniors football	R40,000	Nelson Mandela Bay Host City Ambassadors,	**26 June 2009**	In order to promote the 2010 Directorate's Road to 2010

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
	tournament – 29 June to 3 July 2009.		Frankie Schoeman and Patrick Mayo		and Legacy programme at the National Juniors Tournament hosted at the Gelvandale Playing Fields between 29 June to 3 July 2009, the 2010 Directorate required the services of two of the appointed Nelson Mandela Bay Host City Ambassadors, Frankie Schoeman and Patrick Mayo. They rendered promotional services, conducted coaching clinics over five days and branded the venue at a cost not exceeding R40,000.00. Given that Host City Ambassadors had been appointed by the Executive Mayor and that such services cannot be obtained by a competitive process, it was **RESOLVED:** That in order to promote the 2010 Directorate's Road to 2010 Legacy Programme at the National Juniors

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Tournament hosted by the Glenville Celtic club at the Gelvandale Stadium between 29 June and 3 July 2009, authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to pay for the services of the Nelson Mandela Bay Host City Ambassadors, Frankie Schoeman and Patrick Mayo
19	Various payments for an advert placed in "HIV and AIDS, Democracy at risk from HIV; for "Shot Down", a South African Resistance Music compilation and 200 copies of the CD; for an advertisement on Red Location Museum's programme placed in "World Heritage Review"	R 67,455.91	NAPM, Mr Michael Drewett, UNESCO	1 July 2009	Given the reasons advanced by the Executive Director: Economic Development and Recreational Services, in his report to the Adjudication Committee meeting, held on 23 June 2009, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Management Policy, in terms of paragraph 36(1)(1)(v) thereof. (b) The following retrospective appointments, for the provision of services, be made: • NAPM – Leadership, R11 400.00 for an advert placed in HIV and AIDS, Decracy at risk from HIV and vote 15715219 was used for this purpose. • Mr Michael Drewett, R23 724.16, for "Shot Down, a South African Restance Music compilation and 200 copies of the CD, Vote 15715219 was utilised for this purpose. • 2 500 Euro/R32 331.75 (R12.9327/ Euro), from Vote 15715219 for an advertisement on Red Location Museum's programme placed in

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					"World Heritage Review".
20	Purchase of sms bundles.	R102 600,00, inclusive of VAT	Siemens Limited (Siemens IT Solutions and Services**)**	2 July 2009	Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 23 June 2009, the recommendation of that Committee and given that Siemens is the only service provider able to provide the relevant software, and further given that the price quoted was deemed fair and reasonable in terms of evidence provided by the Directorate, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
21	Procurement of artists for road to 2010 zone 365 bash.	R70,000.00	Local artists by True Music; D J Superman; One Solo Trumpeter (Shawn Lyon), Phaphama; One national artist, Chomee	26 June 2009	As part of its marketing and promotion of the 2010 countdown a “365” Countdown Bash was hosted by the 2010 Directorate on 24 June 2009 on Vuyisile Mini Square. The services of musicians, local artists and a national performing artist was acquired to participate in the event and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes
22.	Five year tender for the spreading, compacting and covering of waste and supply of cover material at the Arlington waste disposal site.	Budget 2009/2010 R8 019 090.	GV Transport (trading as Shweme Civils)	23 June 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 11 June 2009 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain in terms of paragraph 36(1)(a)(v) thereof. (b) That the services of GV Transport (trading as Shweme Civils) be procured on a month-to-month basis with effect from 1 July 2009 but not later than 31 October 2009 on the same terms and conditions as Contract 4998 pending the finalisation of the tender process for Contract 146: Spreading, Compacting and Covering of Waste and Supply of Cover

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Material at the Arlington Waste Disposal Site.
23	Municipal management development programme: NMMU Business School.	Programme Development R772,200.00 Programme Piloting R470,000.00	Nelson Mandela Metropolitan University	23 June 2009	Having considered the report by Corporate Services to the Adjudication Committee meeting held on 11 June 2009 and the recommendation of that Committee, it was **RESOLVED**: (a) That the procurement process be dispensed with, in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy and that the Nelson Mandela Metropolitan University be appointed to develop and deliver a Municipal Management Development Programme at a total cost of R1 242 200, inclusive of VAT, made

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					up as follows: Programme Development - R772 200.00 Programme Piloting – R470 000.00.
24	Renewal of software licences.	R377 670.06	Unify Corporation	23 June 2009	Unify Corporation was the only service provider able to provide the required software licences
25	Contract FMS 03/2006 : for the supply, installation and commissioning of electronic fleet monitoring systems	R4,266,792.00, inclusive of VAT	Control Instruments (Eastern Cape) CC	23 June 2009	Having considered the report by the Director : Infrastructure and Engineering to the Adjudication Committee meeting held on 11 June 2009, the recommendation of that Committee and given the need to fit all vehicles in the municipal fleet with a standardised tracking system and further given that the price quoted was deemed fair and reasonable in terms of the evidence provided by the Directorate, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.
26	Contract enquiry 16 : chemicals.		Various Service Providers	23 June 2009	As per memorandum dated 18 June 2009 by the Acting Director : Supply Chain Management, it was **RESOLVED:** (a) That the official tender processes be dispensed with in terms of paragraph 36(1)(a)(i) and (v) of the Municipal Supply Chain Management Policy for the procurement of chemicals for a period not exceeding ninety (90) days in order to

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					allow the current tender evaluation as well as adjudication process to be finalised. (b) That in order to comply with the constitutional procurement elements of, inter alia, fairness, transparency and competitiveness, the current providers of chemicals under this contract be allowed to continue with the supply thereof on an "as and when required" basis subject to the same terms and conditions as previously approved by the Adjudication Committee. (c) That the Acting Director : Supply Chain Management

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					investigate and submit within 30 days a report in terms of Section 32 of the MFMA setting out whether any irregular expenditure has been incurred by this economic entity in procuring chemicals under this contract and the steps to be followed in recovering same.
27	Three housing launches	R216,499.68 inclusive of VAT.	various service providers	23 June 2009	Having considered the report by the Housing and Land Directorate to the Adjudication Committee meeting held on 11 June 2009, the recommendation of that Committee and given the limited time/short notice the Directorate had to host the three housing launches, it was **RESOLVED:** (a) That authority be

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain in terms of paragraph 36(1)(a)(v) thereof.
28	Conference venue for Nelson Mandela Bay crime summit.	R66,740.00	Pine Lodge	18 June 2009	The escalation in violent crimes in the Metro including the murder of a young school boy in a park and six children and a grandmother in Zwide, has evoked concerns from Council members of the NMBM. An integrated approach to crime prevention has to be developed with the SAPS and communities of NMB and a Crime Summit was arranged by the Safety and Security Directorate on 25 and 26 June 2009 for this purpose. Due to short notice in making the arrangements for the summit, three suitable venues that can accommodate 150 delegates were contacted. Only two of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					the venues (Pine Lodge and Vulindlela Village) was available and Pine Lodge was the cheaper.
29	Deviation : Extension Of Various Annual Tenders.		Various service providers	1 September 2009	Having considered the report by the Budget & Treasury Directorate, to the Adjudication Committee Meeting, held on 23 July 2009 and the recommendations of that Committee, it was **RESOLVED:** (a) That a deviation, in terms of paragraph 36(1)(a)(v) be accepted and that the same service providers be appointed on a month-to-month basis with effect from 1 July 2009, on the same terms and conditions for a period not exceeding 31 December 2009.
30	Contract 5474 : rehabilitation of concrete streets in Bethelsdorp.	increased by R4 560 000,00 from	URSA Civils CC	4 September 2009	Having considered the report by the Executive Director :

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
		R35 996 646,84 to R40 556 646,84, including contingencies and VAT			Infrastructure and Engineering to the Adjudication Committee meeting held on 20 August 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That URSA Civils CC be paid for the additional unforeseen works items undertaken as detailed in the Executive Director's report. (c) That the contract price under Contract C5474

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					for the Rehabilitation of Concrete Streets in Bethelsdorp, originally awarded to URSA Civils CC, be increased by R4 560 000,00 from R35 996 646,84 to R40 556 646,84, including contingencies and VAT, and subject to escalation in terms of the contract.
31	Payment for services rendered by Siemens Enterprises Communications	R682 116,44, inclusive of VAT	Siemens Enterprises and Communications	2 September 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 23 July 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the requirements of paragraph 19 of the Supply Chain

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof in that it was impractical or impossible to follow the official procurement processes. (b) That Siemens Enterprises and Communications be retrospectively appointed for the period 25 April 2006 to 22 May 2009 for the maintenance of all telecommunications infrastructure and equipment and that the verified total amount of R682 116,44, inclusive of VAT, be paid.
32	Health and wellness compact disc calendars.	R18,184.63, inclusive of VAT	Boom Town Strategic Brand Agency	2 July 2009	Having considered the report by the Public Health

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Directorate to the Adjudication Committee meeting held on 23 June 2009, the recommendation of that Committee and given the short notice and further given that suppliers were closed for the holiday season, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to allow two quotes to suffice. (b) That Boom Town Strategic Brand Agency, the lower of the two quotes obtained, be paid the amount of R18,184.63,

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					inclusive of VAT, for the design and printing of Compact Disc Calendars supplied to the Public Health Directorate.
33.	Contract enquiry 2300 : deviation in terms of paragraph 36(1)(a)(v) : development, supply and implementation of a payroll human resources information system in the Nelson Mandela Bay Municipality.	R917,130, inclusive of VAT.	Various service providers	2 July 2009	That for the reasons set out in the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 23 June 2009 and particularly that the project implementation is close to finalisation, with primarily the support phase still remaining and that it would not be practical or cost effective to change consultants at this stage, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That Contract Enquiry 2300 be extended for a period not exceeding four months, from 1 July to 30 October 2009 at a cost not exceeding R917 130, inclusive of VAT.
34.	Contract enquiry 2350 : extension of the aggressive recruitment and retention of scarce skills for the municipality.		Kelly	3 July 2009	Given the reasons set out in the report from the Executive Director : Corporate Services to the Adjudication Committee meeting held on 23 June 2009 and in particular that many components of the project are still in progress and that it would not be practical to change consultants at this stage, it was

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					RESOLVED: That the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to extend the original contract with Kelly for the aggressive recruitment and retention of scarce skills under Contract Enquiry 2350, by a further twelve months ending 30 June 2010, on the same terms and conditions, inter alia, as reflected in resolution 152 of the Adjudication Committee meeting held on 29 May 2009.
35	Contract 5543 : tarring of gravel roads at Kabah/Langa (Uitenhage), phases 2 and 3, ward 50 : Uitenhage.	Increased by R2,703,277.42 from R21,280,137.66 to R23,983,415.08, inclusive of VAT and contingencies	Masakeni Construction	29 July 2009	Given the reasons set out in the Executive Director : Infrastructure and Engineering's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, the establishment as work progressed that for certain roads, the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					geotechnical conditions required the importation of base materials and other necessary work which could not have been foreseen at the time of the tender, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That Masakeni Construction be paid for the additional unforeseen works items undertaken as detailed in the Executive Director's report. (c) That the contract price under Contract C5543: Tarring of Gravel Roads at

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Kabah/Langa (Phases 2 and 3), Ward 50 in Uitenhage awarded to Masakeni Construction be increased by R2,703,277.42 from R21,280,137.66 to R23,983,415.08, inclusive of VAT and contingencies and subject to escalation in terms of the contract.
36	Extension of contract enquiry 2137: provision of mobile voice and data services.		Vodacom and MTN	29 July 2009	Having considered the report by the Executive Director : Corporate Services to the Adjudication Committee meeting held on 16 July 2009 and given that the Executive Director would not be able to meet the contract expiry date of 31 July 2009 to complete the procurement process for the award of a new contract, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Contract Enquiry 2137: Provision of Mobile Voice and Data Services entered into with Vodacom and MTN and which expired on 31 July 2009, be extended for a further period of three months until 31 October 2009 pending the finalisation of the tender process for the award of a new contract which is currently underway. (c) That the extension of Contract Enquiry 2137

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					with the service providers referred to in (b) above be based on the same terms and conditions as the current contract.
37.	Purchase of work of art : authorisation of expenditure : Michael Stevenson Fine Art cc	R359,100.00	Michael Stevenson Fine Art CC	24 July 2009	With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted a report to the Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
38.	Purchase of work of art : authorisation of expenditure : James Webb	R58,500.00	James Webb	24 July 2009	With regard to the procedures set out in Municipal Manager's resolution 1239

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted a report to the Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
39	Contract enquiry 67 : Removal and salvage of waste material	Month-to-month basis	Khangela Waste	23 July 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 23 June 2009 and the recommendation of that Committee, it was

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					RESOLVED: (a) That authority be granted to depart from the provisions of paragraph 36(1)(a)(v) of the Supply Chain Management Policy. (b) That the services of Khangela Waste (the current contractor), be procured on a month-to-month basis with effect from 1 July 2009 until 30 October 2009 on the same terms and conditions as the existing Contract Enquiry 67, pending the finalisation of the procurement process to award a fresh tender.
40	Contract 5497 : upgrading of Circular Drive and Kragga Kamma Road intersection.	increased by R1,537, 496.74 from R18,558,983.55 to	Penny Farthing Contractors	29 July 2009	Given the reasons set out in the Executive Director : Infrastructure and

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		R20,096,480.29, inclusive of VAT			Engineering's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, that the original design was amended to accommodate a dual carriageway giving rise to the need for the necessary additional work, more fully described in the report, which could not have been foreseen at the time of the tender, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That Penny Farthing Contractors be paid for the additional unforeseen works items undertaken under Variation Order

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					No. 8 as detailed in the Executive Director's report. (c) That the contract price under Contract C5497: Upgrading of Circular Drive and Kragga Kamma Road Intersection awarded to Penny Farthing Contractors accordingly be further increased by R1 537 496,74 from R18 558 983,55 to R20 096 480,29, inclusive of VAT and subject to escalation in terms of the contract.
41	Contract enquiry 2448 : alterations and additions to the traffic training centre, Greenbushes.	Increased by R1 197 392,16 inclusive of VAT from R5 734 770,00 to R6 932 162,16, inclusive of VAT.		29 July 2009	Given the reasons set out in the Executive Director : Safety and Security's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, the discovery that geotechnical challenges

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					identified and provided for in the design were more severe than originally understood, and the need to undertake redesign work, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Policy in terms of Section 36(1)(a)(v) thereof to allow for the additional work, priced according to the bill of quantities of the tender. (b) That the contract value of Contract Enquiry 2448 be increased by R1 197 392,16 inclusive of VAT from R5 734 770,00 to R6 932 162,16,

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					inclusive of VAT.
42	Appointment of agents to sell pre-payment electricity on behalf of NMBM		New Brighton- Njoli Motors, 1 Njoli Road; Despatch- Khayamnandi General Dealer, 39 Chief Albert Street; Motherwell- Ma-Unie Spaza Shop, 25010 Mandela Street; Kwazakhele- Aqua Fish and Chips CC, 4914 Njoli Road; Arcadia- La Fleur General Dealer, 270 Rensburg Street; Walmer Township- Nomwande Trading, C2 Bucwa Street; Soweto-on-Sea- Gruce Trading CC, 187 Johnson Road;	29 July 2009	Given the reasons stated in the Chief Financial Officer's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, the poor response to advertisements calling for agents to sell pre-payment electricity in the mentioned areas, and the need to identify and persuade vendors to apply, it was **RESOLVED:** (a) That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That the following agents be appointed to sell pre-payment electricity on behalf of the Nelson Mandela Bay

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
			Uitenhage- Kenny's Service Centre trading as Cuyler Service Station, Cuyler Street		Municipality, for a period of three years, subject to them registering on the NMBM database: New Brighton- Njoli Motors, 1 Njoli Road; Despatch- Khayamnandi General Dealer, 39 Chief Albert Street; Arcadia- La Fleur General Dealer, 270 Rensburg Street; Walmer Township- Nomwande Trading, C2 Bucwa Street; Soweto-on-Sea- Gruce Trading CC, 187 Johnson Road; Uitenhage- Kenny's Service Centre trading as Cuyler Service Station, Cuyler Street

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
43	Payment of Stauch Vorster architects for services rendered by Mr Rod Phillip as an intermediary between NMBM and Grinaker LTA interbeton JV in respect of NMBM stadium related issues.	Amount payable by NMBM: R111,834.00 (i.e. ½ of total amount of R223 668,00)	Mr Rod Phillip	29 July 2009	Given that: (1) The Municipal Manager and senior executives of Grinaker LTA/Interbeton JV (GLTAI) had identified that the operational relationship between GLTAI and the NMBM (as represented by the site manager and the Principal Agent respectively) had developed problems which were affecting the mutual intention of completing the stadium on time. (2) The consequence that the inability of the parties to resolve operational challenges had resulted in substantial formal claims being lodged.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(3) Senior management was of the view that both the operational relationship issues and the claims were capable of resolution and that the interests of the project would be best served by the appointment of a mediator acceptable to both parties. (4) Mr Rod Phillip was acceptable to both parties to fulfill this role. (5) It is not possible to identify an independent party with the requisite technical capacity, adequate seniority and mediation skills, who is also acceptable to both parties through a formal procurement process, which would

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					also have taken too long. (6) Such appointment was to be a joint appointment by GLTAI and NMBM, who would each be responsible for half the appointee's fees. (7) The charges of Mr Phillip are competitive in that he agreed to the recommended scale of fees of the SA Institute of Architects. It was accordingly **RESOLVED:** That Mr Rod Phillip be jointly appointed by NMBM and GLTAI to undertake the mediatory and support function more fully set out in the letter from the Municipal Manager to Mr Phillip at the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					scale of fees recommended by the SAIA and that for the reasons set out above the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to avoid the necessity for formal tenders.
44	Contract enquiry 2534 : Zosa street housing project, Korsten, Port Elizabeth.		SJW Civils CC	4 September 2009	Having considered the report by the Executive Director : Housing and Land to the Adjudication Committee meeting held 23 July 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the requirements of paragraphs 20 to 22 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v), i.e.

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					(i) The re-tendering process being limited to only the original three tenderers, namely SJW Civils CC, Omega Building Trust and Ntsebenzo Construction CC; (ii) The reduction of the prescribed tender closure period for the submission of bids to 7 days. (b) That the tender of SJW Civils CC, under Contract 2534 : Zosa Street Housing Project, Korsten, Port Elizabeth, be accepted, as the preferred tenderer, subject to a reduced contract amount being negotiated with the preferred tenderer in terms of paragraph 24 of the Supply Chain

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Management Policy .
45.	Moving of 40 mva 66 kv to 22 kv transformer from Northdowns to Greenbushes.	R22 629,00, inclusive of VAT	Castle Crane Hire	2 September 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 23 July 2009, the amended recommendation considered by the Committee and given that Castle Crane Hire has been selected as the preferred bidder through the official procurement processes for the use of the lowbed truck for one day, and given that the lowbed truck was required for transportation to Greenbushes the next day, it was **RESOLVED:** (a) That the requirements of paragraph 18 of the Supply Chain Management Policy be departed from in

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					terms of paragraph 36(1)(a)(v) thereof in that it was impractical or impossible to follow the official procurement processes. (b) That Castle Crane Hire be retrospectively appointed for the additional day's hire of the lowbed truck in the amount of R22 629,00, inclusive of VAT.
46.	Payment of service provider for relocation of an additional 230 beneficiaries.	R122 770,00, inclusive of VAT.	Various Service Providers	4 September 2009	Having considered the report by the Executive Director : Housing and Land to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given the late instruction to relocate an additional 230 beneficiaries, it was

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					RESOLVED: (a) That approval be granted to depart from the provisions of paragraph 19 of the Supply Chain Management Policy in respect of Section 36(1)(a)(v) thereof. (b) That authority be granted to retrospectively appoint the relevant service providers that relocated the beneficiaries as reflected in the Executive Director's report which services were paid for in accordance with the amounts reflected in the said annexure, totalling R122 770,00, inclusive of VAT.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
47	Validity period of contracts: waste management community cooperatives.		Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Co-operative (Kuyga)	7 September 2009	Given that the procurement processes would not have been finalized upon expiry of this contract, and having considered the report by the Public Health Services Directorate to the Adjudication Committee meeting held on 20 August 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the requirements of paragraph 36(1)(a)(v) of the Supply Chain Management Policy be departed from to the extent necessary. (b) That Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Co-operative (Kuyga) be re-appointed with effect from 1 September 2009 on the same terms and conditions as per the their current contracts pending the finalization of the tender process for the provision of these services but not later than 30 November 2009.
48	Repairs to 132 KV overhead towers csw26 and crp26.	R78 100,94 and R690 187,67, respectively, inclusive of VAT.	Consolidated Power Projects (Pty) Ltd	4 September 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given the need to repair overhead towers as a matter of urgency

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					and further given that the prices submitted was deemed to be fair and reasonable, it was **RESOLVED:** (a) That the requirements of paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(i) and (v) thereof. (b) That Consolidated Power Projects (Pty) Ltd be appointed retrospectively for emergency repair works carried out to towers CSW26 and CRP13 in the amounts of R78 100,94 and R690 187,67, respectively, inclusive of VAT.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
49.	Manufacture, supply, deliver, installation and commission of 2010 FIFA World Cup legacy icons (tracking no. 2010ftss00053) (9/3/2/18)	R1 266 278,66 inclusive of VAT	Rock of Ages	4 September 2009	Having considered the report by the Parks Sub-directorate to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given the time constraints and further given that no other company in Africa manufactures this product, it was **RESOLVED:** (a) That authority be granted to depart from provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(iii) and (v) thereof. (b) That Rock of Ages be appointed to proceed with the manufacturing, supply, deliver and commissioning of the six granite spheres

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
50.	Appointment of Price Waterhouse Coopers to conduct a cyber forensic investigation.	R850 000 including disbursements but excluding VAT and costs of possible litigation	PriceWaterhouseCoopers	8 September 2009	A major embezzlement of municipal funds was detected during August 2009. Due to the severity, complexity and sensitivity of the incident, an investigation into the alleged fraud required immediate response to ensure the securing of evidence and the prevention of further such incidences. The NMBM did not possess the internal capacity to undertake investigations of this nature. It has been established that PriceWaterhouseCoopers (PwC) performed similar investigations at other entities in the country where the modus operandi of the embezzlement was the same and may implicate the same suspects. Based on this and that PwC possesses the local skills and knowledge required for such an investigation, it was proposed that they be appointed to assist the NMBM

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					in conducting the forensic investigation into the alleged fraud. It would also not be in the interest of the NMBM to call for tenders in this matter. (Municipal Manager's Resolution 146/2009)
51	Institutional budget outreach.	**Public Address System** R 26 573,40 R 9 000,00 **Videography and Photography** R 7 500,00 R 7 500,00 R 7 500,00 R 7 500,00 **Loudhailing** R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00	 Stage Audio Works Icon Media Pro Now You Know Branding Phandulwazi African Networking Imbizo Multimedia CC Dinimedia Technologies Ubuntu Ads and Distribution Vuyisani Meva Vuyani Hani Mshweshwe Mzimkhulu C Kapayi	16 September 2009	The Director : Constituency Services was instructed by the Mayoral Caucus to co-ordinate the seating arrangements for the public meetings in respect of the Budget Outreach Programme scheduled to be held during the period 20 to 24 July 2009. As the instruction came at very short notice, as explained in the report by the Director : Constituency Services, it was not possible to follow formal tender procedures and quotations were obtained from a number of service providers for the provision of public address systems, videography, photography and loudhailing. To manage the meetings

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		R 8 500,00 R 8 500,00 R 8 500,00	Akola Investment Flash Arch Chimurenga Masai Trading		effectively, it was decided to make use of multiple service providers who quoted to share the workload. However, after 12 to 24 meetings were held, the Mayoral Caucus informed the Director that the programme had been put on hold until further notice. As services were already rendered in respect of the meetings that had already taken place, payment is due to the service providers. It is further noted that when the Director was informed of the postponement of the programme, all the loudhailing in the different areas had already been done by the appointed service providers.
52	Provision of offices including telephony requirements for 2010 FIFA organising committee in compliance with the host city agreement between the Nelson Mandela Bay Municipality and FIFA.	R33,845.46, inclusive of VAT	Communications Advisory Group (CAG)	19 September 2009	In terms of the Host City Agreement between Nelson Mandela Bay Municipality and FIFA, offices had to be provided for the Organising Committee and the

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					installation of telephones formed part of this requirement. The capacity of the telephone exchange in Kwantu Towers is maximized. The 2010 Directorate had to arrange for the installation of telephone points at the offices of the Organising Committee as there were no pre-installed points. Due to the change over of the telephone systems at the Noninzi Luzipho Building (Pleinhuis) the old\replaced unit was available for use at Kwantu Towers and this unit and the telephone sets at Kwantu Towers run off Siemens hardware. The Siemens Services had been outsourced to the Communications Advisory Group (CAG). CAG, the sole supporter of Siemens products, disconnected the system at the Noninzi Luzipho Building (Pleinhuis), refurbished same and

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					reinstalled at Kwantu Towers. CAG also ensured that current directorates were operational when the change over was made. CAG applied for the Telkom lines for the Organising Committee. In view of the above, it was **RESOLVED:** That in order to arrange for the removal, refurbishing and installation of the former telephone system at the Noninzi Luzipho Building (Pleinhuis) at Kwantu Towers, authority was granted to deviate from the provisions of paragraphs 17 and 18 of the Municipal Supply chain Management Policy in terms of paragraph 36(1)(a)(ii) thereof, to proceed with the appointment of the Communications Advisory Group (CAG)(CK2003/076/796/23), who is the sole supporter of

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					Siemens telephone products in the Nelson Mandela Bay Municipality Area, at a cost not exceeding R33 845,46, inclusive of VAT.
53	Contract 2427 : complete main stand and suites at Wolfson Stadium - Kwazakhele	R722 363.22, inclusive of VAT	Abemi Civils	14 October 2009	Having considered the report by the Economic Development and Recreational Services Directorate, to the Adjudication Committee meeting held on 1 October 2009and the recommendation of that Committee, it was **RESOLVED:** (a) That the invitation for tenders be dispensed with, in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy. (b) That Abemi Civils be appointed for the completion of the erction of the steel roof trusses at Wolfson Stadium in

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					the amount of R722 363.22, inclusive of VAT. (c) That the overall value of Contract Enquiry 2427 be increased by R722 363.22 from R2 738 530.36 to R3 460 893.58.
54	Contract enquiry 146 : operation of the Arlington waste disposal site.		GV Transport (trading as Shweme Civils)	14 October 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the requirements of paragraph 18 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v)

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					thereof. (b) That GV Transport (trading as Shweme Civils) be re-appointed with effect from 1 November 2009 on the same terms and conditions as per the current contract on a month-to-month basis for a period of 4 months but not later than 28 February 2010 pending the finalisation of the tender process for the provision of these services which process is currently underway. (c) That the resolution dated 23 June 2009 approving Schweme Civils' re-appointment on the same terms and conditions as per their current contract

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					in respect of the CPA application only, be rescinded. (d) That the payment application of the tendered rate by Shweme Civils be backdated to 1 July 2009 and the tendered rate be the same before applying the CPA factor on 1 July 2009.
55	Lease of building for Motherwell distribution depot.	R26,245.00 per month inclusive of VAT for the first year), in terms of a new 3 year Lease Agreement, which is subject to 10% annual escalation in respect of years 2 and 3.	EP Livestock Agency	14 October 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That, as numerous alterations had been done to suit the requirements of a

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					distribution depot and further that the price was deemed fair and reasonable, the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(i) (a) (v) thereof. (b) That the existing facility be leased from EP Livestock Agency, with effect from 1 October 2009, in the amount of R20,52/m² (total R26 245 per month inclusive of VAT for the first year), in terms of a new 3 year Lease Agreement, which is subject to 10% annual escalation in respect of years 2 and 3.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
56	Contract enquiry 2357 : Gelvandale Sports Field boundary wall.	R123,252.24, inclusive of VAT	Fixtrade 1147CC	14 October 2009	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the invitation for tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy. (b) That the scope of Contract Enquiry 2357: Gelvandale Sports Field Boundary Wall, awarded to Fixtrade 1147CC be extended to allow for additional work to be undertaken under the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					existing contract as detailed in the Directorate's report in the amount of R123 252,24, inclusive of VAT. (c) That the overall value of Contract Enquiry 2357 be increased by R123 252,24 from R1 179 492,34 to R1 302 744,58.
57	Contract 5469 : tarring of gravel roads in Bloemendal/Frans Valley.	increased by R1 492 150 from R15 800 400 to R17 292 550 (including VAT)	Civils 2000	14 October 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					terms of paragraph 36(i)(a)(v) thereof. (b) That the contract price for Contract 5469: Tarring of Gravel Roads in Bloemendal/Frans Valley awarded to Civils 2000 be increased by R1 492 150 from R15 800 400 to R17 292 550 (including VAT), subject to escalation in terms of the contract, due to additional works under Variation Order No. 5, as detailed in the Executive Director's report.
58	Contract enquiry 2356 : Kleinskool Sports Field boundary wall	R26 653,20	Fixtrade 1147CC	14 October 2009	Having considered the report by the Economic Development and Recreational Services Directorate to the

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					Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the invitation for tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy. (b) That the scope of Contract Enquiry 2356: Kleinskool Sports Field Boundary Wall, awarded to Fixtrade 1147CC be extended to allow for additional work to be undertaken under the existing contract as detailed in the report of the Executive Director, at a cost of R26 653,20.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(c) That the overall value of Contract Enquiry 2356 be increased by R26 653,20 from R1 011 717,39 to R1 038 370,59.
59	Payment of expenditure incurred to procure the services of artists to perform on 20 and 21 March 2009.	R32 000,00 inclusive of VAT	Ibhubese Productions CC Isingqi se Afrika Uitenhage and District Gospel Board African Theatre Company Fohloza Entertainment P Lindoor Black Care Events and Logistics	5 October 2009	Having considered the report by the Executive Director : Economic Development and Recreational Services to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given that artistic talent is not a commodity which could be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, it was **RESOLVED:** (a) That authority be granted to depart to the extent necessary

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					from the provisions of paragraph 17(b) of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) and (v) thereof to procure the services of artists to perform on 20 and 21 March 2009.
60	Extension of contract period for the use of Nursingwise CC to provide nursing staff to the public health directorate on a temporary basis.	Month to month basis	Nursingwise cc	25 September 2009	Municipal Manager's resolution 1352 dated 8 June 2009 approved a departure from paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to make use of the services of Nursingwise CC to provide nursing staff on a temporary basis to the Public Health Directorate from time to time for a period not exceeding 30 August 2009. This temporary extension was granted to allow the Public Health Directorate to finalise a new tender for the appointment of

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					a new panel by the Adjudication Committee. Although the Directorate has drawn up specifications for the supply of agency nurse categories of Primary Health Care Clinic Services and 24 hour Midwifery Obstetric Services within the NMBM and will be inviting tenders shortly, the tender process will not be completed by 30 August 2009. The Directorate is therefore requesting to continue using the services of Nursingwise CC until a new tender has been awarded. **RESOLVED:** As the provision of Primary Health Care Services to the community of the NMBM is an essential service that cannot be interrupted due to the non-availability of professional staff, authority was granted to depart from the provisions of the Municipal Supply Chain

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					Management Policy in terms of paragraph 36(1)(a)(v) thereof to continue with the use of the services of Nursingwise CC on a month--to-month basis until a new tender has been awarded for a period extending no later than 30 November 2009.
61	Executive Leadership Development Programme (ELMDP) for Councillors : University of Pretoria.	R135 000	University of Pretoria	16 September 2009	The South African Local Government Association (SALGA), Eastern Cape in partnership with municipalities provides training to Councillors in the Executive Leadership Municipal Development Programme (ELMDP). Due to the unavailability of the ELMDP at institutions of higher learning in Nelson Mandela Bay and the fact that SALGA has already chosen the Pretoria University to facilitate the aforementioned programme, the NMBM has no option but to fall in with SALGA's arrangements in acquiring the

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					services of the said university for the training of nine Councillors at R15 000 per person. The NMBM is responsible for the tuition fees of the Councillors at a total cost of R135 000 and SALGA is responsible for refreshments.
62	Provision of additional disk storage on the IBM systems due to unforeseen requirements	R1 041 415,00 (excluding VAT)	TCM (Pty) Limited	16 September 2009	An emergency has arisen to acquire additional disk capacity on the Economic entity's IBM systems to accommodate unforeseen requirements arising from the need to store additional details pertaining to assets and capital projects in line with the new reporting requirements relating to full compliance with all the Generally Recognised Accounting Practice (GRAP) standards. As there is only one authorized IBM vendor in the metro area who is certified by the manufacturer to supply, install and

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					commission the requirement equipment, i.e. TCM (Pty) Limited, it was **RESOLVED:** That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint TCM (Pty) Limited, the only authorized IBM vendor in the metropolitan area who is certified to supply, install and commission the required equipment in the amount of R1 041 415,00 (excluding VAT).
63	Councillors training programme : Local Government Law and Administration : University of Fort Hare.	R192 000,00	University of Fort Hare	16 July 2009	Having considered and accepted the reasons advanced in the report by the Director : Office of the Speaker, it was

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					RESOLVED: That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to authorise the new intake of a second group of twenty Councillors identified by SALGA to enroll for the Diploma in Local Government Law and Administration at the University of Fort Hare, the preferred service provider of SALGA, at a cost of R15 000,00 per Councillor of which R12 000 per Councillor is payable by NMBM (total R192 000,00) and the balance by SALGA EC.
64	Appointment of Vula Energy (Pty) Limited on a part-time basis.	R194 040,00	Vula Energy (Pty) Limited	16 September 2009	Mr H Vosloo resigned as Chief Accountant Tariff and Financial Control in the Billing Co-ordination Division in the Budget and Treasury Directorate with effect from 1 August 2009 and is now

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					employed at Vula Energy (Pty) Limited. As there is no staff member who is sufficiently trained to fulfill the critical functions performed by Mr Vosloo, who inter alia championed the migration process from the current billing system to the new Billing Solution that is still subject to commercial negotiations with Fujitsu, as detailed in the report of the Chief Financial Officer, authority is sought to appoint Vula Energy (Pty) Limited for a period not exceeding six months in order to utilize the services of Mr H Vosloo on a part-time basis. The appointment could be terminated earlier, subject to the commercial negotiations with Fujitsu.
65	Advanced Local Government Law and Administration Programme for Councillors	R60 000	University of Fort Hare	16 September 2009	The South African Local Government Association (SALGA), Eastern Cape in partnership with municipalities

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					provides training to Councillors in Advanced Local Government and Law Administration. Due to the fact that SALGA has chosen the University of Fort Hare to facilitate the aforementioned programme, the NMBM has no option but to fall in with SALGA's arrangements in acquiring the services of the said university for the training of four Councillors who have already successfully completed the Local Government Law and Administration Programme during 2008/09. The cost of the advanced programme is R15 000 per person. The total cost involved is R60 000.
66	Continued supply of IT support, services and development.	R235 800.00 (inclusive of VAT) fixed hourly rate of R450,00 (inclusive of VAT) for additional application	Synapsis Software (Pty) Ltd	20 October 2009	Having considered the report by Public Health Directorate to the Adjudication Committee meeting held on 4 August 2009, the additional information provided by the Executive Director and given

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		customisation, development, integration, training and support			that Synapsis Software (Pty) Ltd has an existing contract with the Nelson Mandela Bay Municipality and that it has various applications in operation within the institution that are utilised on a daily basis, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Synapsis Software (Pty) Ltd be appointed for a three-year period which will involve a fixed price component of R235 800,00 (inclusive of VAT) for

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					integration with Inzekile, development of new Environmental Management Modules and training on all the existing SmartMun modules. (c) That a fixed hourly rate of R450.00 (inclusive of VAT) be agreed, that will be used for the duration of the three-year contract for additional application customisation, development, integration, training and support subject to funding being available.
67	Extension of services of Omega Risk Solutions to provide security services in the Mandela Bay Development Agency's (MBDA) mandate area.		Omega Risk Solutions	9 October 2009	That, for the reasons set out in the report by the Acting Executive Director: Safety and Security, authority was granted to deviate from the provisions of paragraph 19 of

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					the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to extend the services of the current service provider, Omega Risk Solutions, on a month-to-month basis until 31 December 2009 as per the terms and conditions of the recently extended contract.
68	Extension of services of Nationwide and Umsimbithi Security Services for the provision of security services to NMBM.		Nationwide Security and Umsimbithi Security Services	30 July 2009	That for the reasons set out in the report by the Acting Executive Director : Safety and Security, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to authorize current service providers, Nationwide Security and Umsimbithi Security Services, to be appointed by the NMBM on a month-to-month basis until 31 December 2009, as per the current terms and conditions of the contract, in

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					order for the evaluation process of tenders received to be completed.
69.	Emergency repairs to network server at Korsten complex.	R25 699.78 (inclusive of VAT).	IBM	30 October 2009	An emergency arose with regards to the functioning of the server which provides network services to Receipting, Customer Care, ATTP, Libraries, Traffic Services (drivers' licences) as well as Public Health (ATTIC). IBM, the sole provider of maintenance, will provide and install parts in order to render the Korsten server operational. Due to the importance of the services provided at the complex, the server had to be repaired as a matter of urgency and it was therefore not practical or possible to follow formal tender procedures.
70	Services rendered for the PEBCO 3 and COSAS 2 burial.	R120 000.00, inclusive of VAT	Shweme and Shweme	30 October 2009	Having considered the report by the Director: Office of the Executive Mayor, to the Adjudication Committee meeting, held on 27 October

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					2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from, in terms of paragraph 36(1)(a)(v), thereof. (b) That Shweme and Shweme be retrospectively appointed for the burial of the PEBCO 3 and COSAS 2, in the amount of R120 000, inclusive of VAT.
71	Emergency repair work to the Churchill bulk water supply pipeline.	R141 048.82	Rand Water	29 July 2009	Given the unexpected failure of the main supply pipeline, the potential for further damage and failure and the lack of necessary expertise locally and given further that Rand Water is an agent of state recommended by the Department of Environment and Water Affairs, as detailed

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					in the report by the Executive Director : Infrastructure and Engineering, it was **RESOLVED:** (a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(i) and (v) thereof to appoint Rand Water to carry out the emergency repairs to the Churchill Bulk Water Supply pipeline in the amount of R141 048.82.
72	Appointment of contractors to effect repairs to urban and rural overhead line infrastructure caused by gale force winds on 26 October 2009.	R100 000	Bonelela Electrical and Lamont's Electrical	28 October 2009	On 26 October 2009 gale force winds caused severe damage to the NMBM urban and rural overhead powerline infrastructure due to high winds, flying debris and falling trees. Damage is widespread and on some line sections

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					broken poles and conductors need to be rebuilt. Existing staff capacity was hopelessly inadequate to cope with the emergency repair work and in order to restore supply to customers and businesses, some of whom have been without power since the morning of 26 October and to prevent possible claims against the economic entity for loss of production due to lengthy outages, additional emergency assistance was required. Two local contractors who have previously done this type of work had capacity to assist at the same rates charged for similar type of work. **RESOLVED:** (a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management

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					Policy in terms of paragraph 36(1)(a)(i) and (v) thereof in order to appoint contractors to effect emergency repair work to overhead powerlines severely damaged by gale force winds. (b) That Bonelela Electrical and Lamont's Electrical be appointed to effect the emergency repairs and refurbishments at the same rates for similar contract work previously done for NMBM.
73	Dinner for Ningbo partnership.	R4 792.90	Various service providers	3 November 2009	A Ningbo Tourism delegation of six persons visited Nelson Mandela Bay from 20 to 22 October 2009. This visit took place in terms of the partnership agreement between NMBM and Ningbo

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					Municipality and the MOU signed between Nelson Mandela Bay Tourism Board and Ningbo Tourism Bureau. The focus of the visit was to gain first-hand experience of the tourism attractions that Nelson Mandela Bay region has to offer Chinese tourists with the view to promote the Nelson Mandela Bay region to Chinese travellers from the Ningbo region. Nelson Mandela Bay Tourism hosted the programme for the visit. On 21 October 2009 the Deputy Executive Mayor, who is responsible for Council's International Relations, hosted a dinner for the delegation at a restaurant. As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant the dietary requirements or preferences of the incoming

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					delegation needed to be taken into consideration, it was impractical to follow formal tender procedures.
74	Extension of validity period of CE 2225 and 2262 – occasional hire of road transport for the removal and transportation of waste to a permitted landfill site.		Various service providers	14 December 2009	Having considered the report by the Public Health Directorate (Waste Management), it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That the services of all contractors awarded the tender for Contract Enquiry 2225 and Contract Enquiry 2262 is procured on a month to month basis with effect from 1 July 2008, but not later

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					than 30 June 2010, on the same terms and conditions of the previous contract.
75	Install new x-ray equipment at Motherwell health centre.	R2 052 148.43, inclusive of VAT	Energy X-Ray Trading	17 December 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Energy X-Ray Trading be appointed to install new X-Ray Equipment at the Community Health

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					Centre in Motherwell at a cost of R2 052 148.43, inclusive of VAT, which included the additional laser printers for the West End Community Health Centre and Gqebera Clinic.
76	Venue hire.	R165 579.53, inclusive of VAT	Eurest Support Services Coega (Pty) Limited	17 December 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That due to the limited time as a result of the late receipt of the notice to arrange a Metro Public

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					Transport Indaba, the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Eurest Support Services Coega (Pty) Limited be retrospectively appointed for the provision of the venue and associated services in respect of the Metro Public Transport Indaba and Summit at a total cost of R165 579.53, inclusive of VAT.
77	Appointment of service provider to conduct a socio-economic impact assessment study on behalf of NMBM.	R320 000, inclusive of VAT	Wan Consulting CC	17 December 2009	Having considered the report by the Executive Director : Special Programmes to the Adjudication Committee meeting held on 26 November 2009 and the recommendation to that

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					Committee, it was **RESOLVED:** (a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Wan Consulting CC be appointed to conduct the Socio-economic Impact Assessment Study of the recession and the new collection measures introduced by the Economic entity, in the amount of R320 000, inclusive of VAT.
78	Contract enquiry 2405 – upgrading and additions to Gelvandale library .	R147 623.95, inclusive of VAT	Okay Construction	17 December 2009	Having considered the report by the Economic Development and Recreational Services

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					Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Okay Construction be retrospectively appointed to do additional work as detailed in the Executive Director's report to the Adjudication Committee, outside the existing scope of works at a cost of R147 623.95,

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					inclusive of VAT. (c) That the overall value of Contract Enquiry 2357 be increased by R147 623.95 from R1 714 273.97 to R1 861 897.92.
79	Contract enquiry 2480 – additions and alterations – Despatch electrical depot office.	Increased by R190 380.00 from R2 249 270.82 to R2 439 650.82, inclusive of VAT	Masithembeke Construction cc	17 December 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Masithembeke Construction CC be

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					appointed retrospectively to do additional work falling outside the original scope of works of Contract CE2480 - Additions and Alterations - Despatch Electrical Depot Office, to allow for unforeseen additional work as detailed in the Executive Director's report to the Adjudication Committee. (c) That the overall value of Contract CE2480 be increased by R190 380.00 from R2 249 270.82 to R2 439 650.82, inclusive of VAT.
80	Deviation – purchase of two liner blocks for Hamworthy pumps – Fishwater flats reclamation works.	R248 074.52	Compair SA (Pty) Limited	10 December 2009	The Infrastructure and Engineering Directorate reported that two of the three Hamworthy pumps at the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Fishwater Flats Water Reclamation Works had become inoperable and, should the third pump also fail, raw sewage would be pumped into the sea, which would result in excessive pollution and environmental damage. The contamination of the ocean would be in violation of the Department of Water Affairs permit which allowed for the disposal of treated effluent only. In order for the pumps to be recommissioned, liner blocks needed to be fitted. Tenders were called and two were received. The lowest tender was accepted, but the tenderer had since withdrawn it, as the company could not supply the liner blocks at the tendered price, as was explained to the tenderer in writing.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					The second-lowest tenderer, who was also the sole distributor of Hamworthy products in South Africa, could supply the product at the original price quoted. Due to the urgency of the repairs and the fact that the tenderer was the sole supplier, and that it would therefore be impractical to follow the procurement process again, it was **RESOLVED:** That authority be granted to depart from the provisions of paragraph 36(1)(a)(ii) and (v) of the Municipal Supply Chain Management Policy to purchase two liner blocks from Compair SA (Pty) Limited at a cost of R248 074.52, inclusive of VAT, due to the urgency of effecting the repairs required at the Hamworthy pumps at

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					the Fishwater Flats Water Reclamation Works and the fact that the supplier was the sole distributor of Hamworthy products in South Africa.
81	Councillors' year-end function – 8 December 2009.	R100 880 (inclusive of VAT)	The Willows of Madiba Bay Resorts	15 December 2009	The Director: Office of the Speaker reported that the annual year-end function for Councillors and partners would be held on 8 December 2009. Despite all efforts by the Office of the Speaker to obtain a venue, no suitable municipal or privately owned venues were available on that date, except The Willows of Madiba Bay Resorts, which also provided catering and equipment. Quotations for the entertainment for the event were obtained, and the lowest of the three quotes was recommended.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That due to the unavailability of any other municipal venue and privately owned venues from accredited service providers on 8 December 2008, the use of The Willows of Madiba Bay Resorts as a venue for the end of year function for Councillors on that date, and for the provision of catering and the necessary equipment at a cost of R100 880 (inclusive of VAT) be approved, with the provisions of paragraph 17 of the Municipal Supply Chain Management Policy being departed from in terms of paragraph 36(1)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That authority be granted to appoint Tshayina's Media and Entertainment to provide the entertainment for the event at a cost of R5 200.
82	Purchase of works of art by Obie Oberholzer and Nomusa Makhubu.	Mr R Rohner - R 6 900.00 Local women chopping up cattle heads - R 6 900.00 Landmine victims - R 6 900.00 Inquietude I, II and III - R15 000.00	Obie Oberholzer Nomusa Makhubu	22 December 2009	In terms of the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Red Location Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Acting Municipal Manager requesting approval for payment of works of art to be purchased. It was stated that as artistic pieces were unique and had individual merit, it was not possible to acquire same by a

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					competitive process as prescribed by the Municipal Supply Chain Management Policy
83	Purchase of work of art by J Z Taljaard.	Dutchman - R35 000	J Z Taljaard	23 December 2009	In terms of the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Red Location Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Acting Municipal Manager requesting approval for payment of works of art to be purchased. It was stated that as artistic pieces were unique and had individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy,
84	Deviation contract 2178 : construction of Motherwell creative arts and culture centre : portion of erf 10064,	Increased by R576 000.26, inclusive of VAT, from	Berco Indoor Gardens (PTY) LTD	22 December 2009	Having considered the report by the Economic Development and

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	Motherwell, Port Elizabeth.	R4 998 720.22, inclusive of VAT to R5 574 720.48, inclusive of VAT			Recreational Services Directorate to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That the approved contract value for Contract Enquiry 2178: Construction of Motherwell Arts and Culture Centre, be increased by R576 000.26, inclusive of VAT, from R4 998 720.22, inclusive of VAT to R5 574 720.48, inclusive of VAT and

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					contract escalation, for the reasons enumerated in the Executive Director's report. (c) That Akhiwa Construction's withdrawal from Contract Enquiry 2178: Construction of Motherwell Arts and Culture Centre, be noted and that the Contract accordingly be cancelled for the reasons enumerated in the Executive Director's report.
85	Compliance with employment equity matters.	R438 444.00, inclusive of VAT	Strategic Consultants	22 December 2009	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Strategic Consultants, the service provider that developed the current Employment Equity Plan, be appointed for the implementation of the Director-General Review Recommendations, in the amount of R438 444,00, inclusive of VAT.
86	Equipment for 2010 soccer world cup .	R170 247.60, inclusive of VAT	Weather Intelligence Systems (Pty) Limited	22 December 2009	Having considered the report by the Safety and Security Services Directorate to the Adjudication Committee

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					meeting held on 14 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That, for the reasons mentioned in the Directorate's report to the Adjudication Committee, authority was granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Weather Intelligence Systems (Pty) Limited be appointed for a period of six months to provide the Weather Early Warning Services during the FIFA 2010 World Cup, in the amount of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					R170 247.60, inclusive of VAT.
87	Weather equipment for 2010 Soccer World Cup.	R245 899.73, inclusive of VAT	South African Weather Services	22 December 2009	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That, as South African Weather Services was the only service provider able to provide the required equipment, authority was granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(ii) thereof. (b) That eight automatic rain stations (including

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					installation costs, spares and an inclusive maintenance period of 36 months) be purchased from the South African Weather Services, in the amount of R245 899,73, inclusive of VAT).
88	Investigation into the drownings on 2 September 2009 and other drownings (tracking no. 2010ftss00167) (19/11/4/2/6)	R3 000	Captain John Fobian of SAPS Emergency Services	22 December 2009	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was **RESOLVED:** That authority be granted to deviate from the Supply Chain Management Policies in terms of Section 36(1)(a)(v) for the appointment of Captain John Fobian of SAPS Emergency Services to

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					investigate the drowning of the paddler in the sea of NMB beaches on 2 September 2009 and indicate whether there were any shortcomings in the action that was taken by the Economic entity and NSRI on the day and to make recommendations on what could be done to prevent re-occurrence of similar occurrences at no cost other than travel and accommodation in the estimated amount of R3 000.
89	Extension of validity period of contracts : Waste Management Community Co-operatives.		Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleaning Co-operative (Kuyga)	23 December 2009	Having considered the report by the Health Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the decision of the Adjudication Committee dated 26

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					November 2009 in respect of Contracts 177-8 and 177-9 be put on hold. (b) That, for the reasons mentioned in the Directorate's report to the Adjudication Committee, authority was granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (c) That Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleaning

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Co-operative (Kuyga) be retrospectively appointed with effect from 1 December 2009 on a month-to-month basis, but not later than 28 February 2010, pending the finalization of the investigation into objections received by the Acting Municipal Manager on the tender process on the same terms and conditions as per their previous contracts for the provision of waste management services.
90	Contract enquiry 2073 : Supply of Electrical Maintenance : amendment to Adjudication Committee resolution dated 24 April 2006.		Delacom CC	22 December 2009	Having considered the report by the Chief Financial Officer to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That, for the reasons mentioned in the Directorate's report, authority was granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That the tender of Delacom CC, under Contract Enquiry 2073 – Supply of Electrical Maintenance, be extended for a further eighteen months (18) months as of 1 January 2010 and ending 30 June 2011 at tendered rates approved at the Bid Adjudication meeting of 24 April 2006 as per the settlement

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					agreement of case number 2148/09.
91	Motherwell Community Development Forum (MCDF) : workshops hosted in each of the nine wards.	R63 000, inclusive of VAT	Zonke Spar	22 December 2009	Having considered the report by the Chief Operating Officer to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Zonke Spar be retrospectively appointed to provide refreshments at the nine ward-based workshops held during March 2009 following the launch of the MCDF, in the amount

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					of R63 000, inclusive of VAT.
92	Contract enquiry 2156 : three-year contract : provision of Communication Reticulation : application for deviation : further extension.		Yonke Installations CC	22 December 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Yonke Installations CC, which was awarded Contract 2156 : Provision of Communication Reticulation and which

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					expired on 31 December 2009, be re-appointed on a month-to-month basis not exceeding 31 March 2010, on the same terms and conditions as the current contract, pending the award of a new tender. (Project ID 20070209 – Substation Fibre Optic Backbone – Amount available: R2 000 000, Vote 03663334 – Repairs and Maintenance Pilot Cables – Amount available: R1 970 518)
93	Contract SCM 220/Ce 220 : Printing and mail processing of the Nelson Mandela Bay Municipality monthly statements.	R394.00, inclusive of VAT per 1 000 accounts R171.35, inclusive of VAT, per 1 000	CAB Holdings (Pty) Limited	22 December 2009	Having considered the report by the Chief Financial Officer to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
		newsletters			Committee, it was **RESOLVED:** (a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That an agreement be entered into with CAB Holdings (Pty) Limited for the printing and mail processing of the Nelson Mandela Bay Municipality's monthly statements in the amount of R394.00, inclusive of VAT per 1 000 accounts and R171.35, inclusive of VAT, per 1 000 newsletters, on a month-to-month basis for a period not exceeding 31 March 2010 pending the finalization of the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					tender process for the award of a new contract which is currently underway. (c) That the agreement with the service provider referred to in (b) above be based on the same terms and conditions as Contract C2164.
94	Contract SCM 2655 : Volunteer Uniform (Adidas).	R979 000.00 inclusive of VAT	Adidas (SA) (Pty) Limited	22 December 2009	Having considered the report by the 2010 Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That, given that Adidas (SA) (Pty) Limited was the sole 2010 FIFA clothing supplier, the provisions of the

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					Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(ii) thereof. (b) That premiums and corporate merchandise as reflected in the list attached to the Directorate's report to the Adjudication Committee be purchased from Adidas (SA) (Pty) Limited at a cost not exceeding R979 000.00 inclusive of VAT.
95	Renewal of lease agreement – Kwantu Towers – Economic Development and Recreational Services Directorate.	R1 943 346.60, inclusive of VAT	Inkululeko Supplies (Pty) Limited	4 November 2009	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v). (b) That, given that the Economic Development and Recreational Services Directorate currently occupied office space in Kwantu Towers, a lease agreement be entered into with Inkululeko Supplies (Pty) Limited, for the leasing of property presently being occupied by the Economic Development and Recreational Services

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Directorate, in the amount of R1 943 346.60, inclusive of VAT, effective 1 July 2009 until 31 December 2010.
96	Contract 2383 : Occupational Medical Screening and Surveillance.	R123 500.00 per month, inclusive of VAT	Dr Qabaka and Team	4 November 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee held on 22 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That the contract with Dr Qabaka and Team, under Contract

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Enquiry 2383: Occupational Medical Screening which expired on 30 September 2009, be extended for a period not exceeding 31 January 2010, at a rate not exceeding R123 500,00 per month, inclusive of VAT, whilst fresh tenders were being invited.
97	Contract 202(b) : Deviation : leasing of additional office space in the Avenues Shopping Centre, Walmer.	2009/2010 R82 470.72	Rosemoore Investments (Pty) Ltd	4 November 2009	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					the provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That, given the need to increase the floor area because of the increased volume of business conducted at the centre, the offer of Rosemoore Investments (Pty) Ltd for the lease of additional office space in the Avenues Shopping Centre, Walmer, for a period of three years, with an annual rental cost escalation of 10% and operating cost, inclusive of VAT, as per the following proposal, be accepted:

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					2009/2010 R82 470.72 2010/2011 R90 717.79 2011/2012 R99 789.57
98	Contract enquiry CE119/C : rates-only tender for the construction of bituminous seals and slurries for three years.		Wynford Civils	4 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was **RESOLVED:** That it be recommended to the Acting Municipal Manager: (a) That the tender of Wynford Civils, under contract CE119/C: Rates – only tender for the Construction of Bituminous Seals and Slurries, for a period of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					three years, on an, as and when required basis, at the prices reflected in the tender documents, subject to escalation, be accepted and that Scribante /Wynford JV be appointed as the first back-up service provider and Amaboka Road Surfacing as the second back-up service provider. (b) That work on the abovementioned contract only be allocated to the back-up tenderer when the main contractor: (i) by their own admission confirms in writing that they are unable to take on further works; (ii) falls behind on the works programme;

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(iii) cannot consistently carry out the work to specification; (iv) exceeds its total assignment value per annum (i.e. exceeds the upper limit of its CIDB grading designation).
99	Contract CE207 : deviation : leasing of additional office space in Kwantu Towers for the 2010 Volunteer Centre.	R491 232.00, inclusive of VAT	Unique Mbane (SA) (Pty) Ltd	4 November 2009	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 19 of the Supply Chain Management Policy in terms of Section

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					36(1)(a)(v) thereof (b) That, given the need to provide office accommodation for a 2010 Volunteer Centre, the offer of Unique Mbane (SA) (Pty) Ltd for the lease of additional office space and parking bays in the Kwantu Towers Building, Govan Mbeki Avenue, for a period of 12 (twelve) months, in the amount of R491 232.00, inclusive of VAT, be accepted.
100	Contract CE209 : renewal of 174(a) Lower Market Street Building lease agreement.	2009/2010 R77 661.36	Marche Mulder Trust	4 November 2009	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That the Lease Agreement for the property situated at 174 (A) Lower Market Street, Uitenhage, presently occupied by the Retail and Commercial sub-Directorate, be renewed with Marche Mulder Trust for a further 3 (three) years in terms of the original Lease Agreement proposal. Rental to increase by 8% from R11,06 per m² to R11,95 per m². Annual rental cost with an 8% escalation and operating cost including vat as per proposal be accepted as follows:

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					2009/2010 R77 661.36 2010/2011 R83 874.26 2011/2012 R90 584.21 (b) That retrospective approval be granted for the outstanding rental payments for the 2008/09 financial year in the amount of R71 493.32 including VAT to be paid.
101	Contract 2300 : Development, Supply And Implementation of a Payroll Human Resources Information System In The Nelson Mandela Bay Municipality.	R400 000, including VAT and excluding disbursements	SAP-Africa	4 November 2009	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That, given that SAP-Africa was the only service provider which had the technical expertise of reviewing a project of this nature, that SAP-Africa be appointed to do a quality assurance/review on the modules implemented by Baraka Consulting Enterprise to an amount not exceeding R400 000, including VAT and excluding disbursements.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
102	Extension of lease agreement for lapsed period – Kwantu Towers – Economic Development and Recreational Services Directorate.	R245 814.00	Inkululeko Supplies (Pty) Limited	4 November 2009	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That the following payments be authorised in respect of rental payments due for the leasing of Kwantu Towers for the period 1 April 2009 to 30 June 2009 whilst a new lease agreement

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					was being negotiated with Inkululeko Supplies (Pty) Limited: April 2009 R81 938.00 May 2009 R81 938.00 June 2009 R81 938.00
103	Development of export strategy for NMBM.	R371 640.00, inclusive of VAT	Managing for Excellence	4 November 2009	Having considered the report of Economic Development Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was **RESOLVED:** That given that the services had been procured by means of a competitive bidding process in terms of Section 32 of the Municipal Supply Chain Management Policy : Procurement of goods and

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					services under contracts secured by other organs of state, i.e. by the ECDC, the services of Managing for Excellence be procured for the development and compilation of an Export Strategy for the Nelson Mandela Bay Municipality, in the amount of R371 640.00, inclusive of VAT.
104	Contract 2135 : Service Level Agreement E-Learning Framework System.	R1 097 962.50, inclusive of VAT	Nelson Mandela Metropolitan University (NMMU)	4 November 2009	Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That, given that the Nelson Mandela Metropolitan University (NMMU) developed and customized the software for the e-Learning Framework System, a Service Level Agreement be entered into with the NMMU for the e-Learning Framework System in the amount of R1 097 962.50, inclusive of VAT, for the total contract period of three years ending 31 July 2012, the breakdown being as follows: Year 1 R352 003.50 Year 2 R367 080.00 Year 3 R378 879.00

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
105	Payment of expenditure incurred during heritage month 2009 with an amount not to exceed R215 500,00.	R215 500.00, inclusive of VAT	Various Artists	4 November 2009	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009, the recommendation of that Committee and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, it was **RESOLVED:** (a) That authority be granted to depart to the extent necessary from the provisions of paragraph 17(b) of the Supply Chain Management Policy in terms of paragraph 36(i)(a)(iii) and (v) thereof to procure the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					services of artists to perform in the Heritage programme. (b) That the artists listed in the Directorate's report to the Adjudication Committee be retrospectively appointed for performances during Heritage Month (September) in the total amount of R215 500.00, inclusive of VAT.
106	Appointment of AOC Geomatics (PTY) Limited for a three-year period to provide the Nelson Mandela Bay Municipality with high resolution imagery and an updated pictometry image library.		AOC Geomatics (Pty) Limited	9 November 2009	Having considered the report by the Chief Operating Officer (Corporate GIS) to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was

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					RESOLVED: (a) That authority be granted to depart from the provision of paragraph 18 of the Municipal Supply Chain Management Policy in terms of Section 36(i)(a)(ii) thereof. (b) That AOC Geomatics (Pty) Limited, the sole service provider, be appointed for a three-year period to provide the following Products: - 3D Building model using existing Pictometry Images for a 12 km² area comprising of the Beachfront, Central, North End and the stadium precinct in the 2009/10 financial year at a cost of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					R383 040.00 including VAT. - A high resolution continuous orthophoto mosaic of the urban area generated form the existing Pictometry Images in the 2009/10 financial year at a cost of R453 720.00 including VAT. - A new acquisition of high resolution georeferenced colour aerial photograph in the 2010/11 financial year at a cost of R849 300.00 including VAT. - New Pictometry acquisition for the Nelson Mandela Bay Municipality including derived orthophoto's of the Nelson Mandela bay Municipality In the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					2011/12 Financial year at a cost of R2 109 000.00 including VAT. (c) That should a requirement be identified for additional products or an enlarged area within the three-year period a separate quotation be requested from AOC Geomatics, and agreed to in conjunction with the Supply Chain Management Unit, subject to funding being available.
107	Road To 2010 Programme in respect of Sony Fevapitch Tournament – 2 to 5 December 2009, Cape Town.	R41 000.00	Octagon	9 November 2009	Sony is an official partner of the 2010 FIFA World Cup South Africa™. In order to support football development and promote public interest in the World Cup at grassroots level, the company has developed a FIFA approved

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					5a-side tournament for this purpose, called *Sony Fevapitch*. Sony has appointed a company, Octagon, to stage the tournament on its behalf. All 9 Host Cities are partners to the staging of the event with a view to promoting football within the host City by means of increasing community participation in the sport. Each Host City will present two teams at the tournament, to be hosted during the FIFA Final Draw in Cape Town between 2 and 5 December 2009. On Saturday, 3 October 2009, Sony and Octagon held its knock out competition in Nelson Mandela Bay and two teams emerged as finalists from 24 participants to represent the Host City in Cape Town. In order to promote the 2010 Directorate's road to 2010 and Legacy Programme at

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					the *Sony Fevapitch* Tournament between 2 and 5 December 2009, the Directorate will pay travel and accommodation costs as its share of the total costs. As the event managers, Octagon, have been contracted by Sony for the staging of the tournament, the 2010 Directorate had to make use of their services and in order to do so, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy as this service is exclusively rendered by Octagon, who have been contracted by the FIFA partner, Sony.
108	FIFA Final Draw Exhibition – 2 to 5 December 2009, Cape Town.	R320 000.00	2010 FIFA World Cup Organising Committee South Africa	9 November 2009	The 2010 FIFA World cup Organising Committee, South Africa will be hosting an Exhibition during FIFA's Final Draw for the 2010 FIFA World Cup in SA at the Cape Town International Convention

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					Centre between 2 and 5 December 2009. This will present all 9 Host Cities with a golden opportunity to showcase and promote their unique selling features and attractions, as the whole world, through the international media, will be focusing on the FIFA Final Draw in Cape Town. Each of the Host Cities is expected to share the cost of the exhibition which includes graphic panels, LCD screens, touch screens, a media cocktail, furniture rental and exhibition space at a cost not exceeding R320 000.00 per Host City. Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy to pay the 2010 FIFA World Cup Organising Committee for the services listed above as the sole supplier contracted by FIFA to render such service.

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109	Contract HL00033 : Construction Of Automotive Reception And Inspection Pit.	Contract amount of R 1 492 038.84, be increased by R415 659.93 to R1 907 698.77, inclusive of VAT	Akhiwa Construction	9 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(i) (a) (v) thereof. (b) That the contract sum under Contract Enquiry HL 00033 : Alterations to the Inspection Pit and Reception Area awarded to Akhiwa Construction, in the amount of R 1 492 038,84, be increased

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					by R415 659,93 to R1 907 698,77, inclusive of VAT, in order to allow for additional unforeseen work to be undertaken under the existing contract as detailed in the Directorate's report to the Adjudication Committee.
110	New billing solution (FUJITSU) – appointment of a computer business analyst.	R550,00 per hour, exclusive of VAT	Don Gray Careers: Eastern Cape cc (CK 90/06798/23)	Ms Monika Hacki as a Business Analyst	Given the reasons advanced by the Chief Financial Officer in the memorandum dated 28 October 2009 and having concurred therewith, it was **RESOLVED:** (a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Paragraph 36(i) (a) (v) thereof.

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					(b) That Don Gray Careers: Eastern Cape cc (CK 90/06798/23) be appointed to supply Ms Monika Hacki as a Business Analyst at the rate of R550,00 per hour, exclusive of VAT, for the period 1 December 2009 to 31 October 2010.
111	Amendment to Bid Adjudication Committee Resolution of 23 July 2009 : Extension of two Annual Tenders (Supplementary p. 229).		Various service providers	9 November 2009	**RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(1)(a)(v) thereof. (b) That the following previously approved tri-annual contracts which expired on 30 June 2009 be retrospectively extended on a month to month basis not

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					exceeding 31 December 2009, on the same terms and conditions and to the same contractors as per the previously expired contracts, pending the award of fresh tenders, the process of which is currently underway: Contract 2073 : Electrical Maintenance Contract 2156 : Provision of Communication Reticulation
112	Develop and implement an integrated land information system.	R4 902 000.00 including VAT	City Services Management (Pty) Limited	9 November 2009	Having considered the report by the Chief Operating Officer (Corporate GIS) to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was

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					RESOLVED: (a) That the tender of City Services Management (Pty) Limited, under Contract 202: Development and Implementation of an Integrated Land Information System (ILIS), be accepted for a three-year period on the following basis. - Phase 1: The Systems Analysis phase in 2009/10 in an amount not exceeding R4 902 000.00 including VAT. - Phase 2: Systems Design, Build, Test and Implementation phase subject to a negotiated price being agreed to, and subject to the outcomes of

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					phase 1, failing which the contract be terminated on conclusion of phase 1. - The total price of the project for phases 1 and 2 not to exceed the approved budget allocation for the three-year period as specified. (b) That should any additional work be identified during the project, that has a critical impact on the success of the project, a separate quotation be obtained from City Services Management (Pty) Limited, and the work allocated in conjunction with the Supply Chain Management Unit, subject to funding being available, as

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					specified in the tender document.
113	Without prejudice negotiations with FUJITSU.	R30,9 million (i.e. R27,1 million plus VAT of R3,8 million)	Fujitsu Services (Proprietary) Limited	9 November 2009	Given the reasons advanced in the memorandum dated 29 October 2009, by the Chief Financial Officer and having concurred therewith, it was **RESOLVED:** (a) That the negotiation points, as outlined in an annexure attached to the Chief Financial Officer's letter dated 16 October 2009, to Fujitsu be agreed to. (b) That the provision of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof in order to: • Approve and include in the

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					addendum the Fujitsu's Nelson Mandela Bay Municipality's Rate card (subject to escalation) • Extend the existing Promis.net Main Agreement (dated February 2007) between the Nelson Mandela Bay Municipality and Fujitsu Services (Proprietary) Limited which had an initial value of R46,3 million (i.e. R40,6 million plus VAT of R5,7 million), via a contract addendum, by R30,9 million (i.e. R27,1 million plus VAT of R3,8 million) to a total of

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					R77,2 million (i.e. R67,7 million plus VAT of R9,5 million). (c) That the project receives assistance from the Acting Municipal Manager to reduce any risks associated with the Nelson Mandela Bay Municipality human resource constraints to avoid punitive measures being incurred. This assistance includes the appointment of an expert Business Analyst (independent contractor) to avoid project timeline slippage.
114	Contract 5550 – 2010 Work Package BRT – Upgrading Of Govan Mbeki Avenue.	Contract amount increased by R48 103 419.48 from R46 560 383.70 to R94 663 803.18,	Penny Farthing Engineering SA (Pty) Limited	17 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
		inclusive of VAT and contingencies			2009, the recommendation of that Committee and given that no other tenderers were prejudiced with the increase in the contract amount, it was **RESOLVED:** (a) That the provision of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That Penny Farthing be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items undertaken as detailed in the Executive Director's report. (c) That the contract price for Contract C5550 :

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					Upgrading of Govan Mbeki Avenue to a Bus Rapid Transport Route (BRT), awarded to Penny Farthing Engineering SA (Pty) Limited, be increased by R48 103 419.48 from R46 560 383.70 to R94 663 803.18, inclusive of VAT and contingencies and subject to escalation in terms of the contract.
115	Contract 5537 – 2010 Work Package – Roadworks – Extension of Newbolt Street (Henry Ford to Stanford Road).	Contract amount increased by R15 544 487.44 from R16 036 916.94 to R31 581 404.38 including VAT and contingencies	Omega Civils (Pty) Limited	17 November 2009	Having considered the report by the Executive Director : Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That Omega Civils (Pty) Limited be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items undertaken as detailed in the Executive Director's report. (c) That the contract price for Contract C5537 : Roadworks : Extension of Newbolt Street (Henry ford to Standford Road), awarded to Omega Civils (Pty) Limited, be increased by R15 544 487.44 from

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					R16 036 916.94 to R31 581 404.38 including VAT and contingencies and subject further to escalation in terms of the contract.
116	Contract 2597 – construction of paving and landscaping on Prince Alfred Street and Milner Avenue.	R9 640 561.39, inclusive of VAT and contingencies	Mawethu Civils	17 Novembber 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** That the tender of Mawethu Civils, under Contract Enquiry 2597: Construction of landscaping and paving of Prince Alfred Street and Milner Avenue, in the amount of R9 640 561.39, inclusive of VAT and contingencies, and subject to escalation, be accepted.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
117	Contract 5375 – 2010 work package – BRT – upgrading of Heugh Road, Walmer First to Third Avenues.	Contract amount increased by R7 695 000.00 from R31 663 305.42 to R39 358 305.42 including VAT and contingencies	Scribante Construction (Pty) Limited/Wynford Civils Joint Venture	17 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Scribante Construction (Pty) Limited/Wynford Civils Joint Venture be retrospectively appointed to do work outside the normal scope of work as detailed in the Executive Director's report.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(c) That the contract price for Contract C5375 : Upgrading of Heugh Road, Walmer : First to Third Avenue awarded to Scribante Construction (Pty) Limited/Wynford Civils Joint Venture, be increased by R7 695 000.00 from R31 663 305.42 to R39 358 305.42 including VAT and contingencies, which is subject to escalation in terms of the contract.
118	Contract 5552 – 2010 Work Package – BRT – Upgrading Of Kempston Road to a BRT route – N2 – HAUPT.	Contract amount increased by R2 220 802.00 from R35 879 071.80 to R38 099 874.80, inclusive of VAT and contingencies	Civils 2000 (Pty) Limited	18 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was

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					RESOLVED: (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Civils 2000 (Pty) Limited be retrospectively appointed to do work outside the normal scope of work and be paid for this additional work as detailed in the Executive Director's report. (c) That the contract price for Contract C5552 : Upgrading of Kempston Road (N2 to Haupt Street) to a Bus Rapid transit Route, awarded to Civils 2000 (Pty) Limited be increased

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					by R2 220 802.00 from R35 879 071.80 to R38 099 874.80, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
119	Contract 5530 – 2010 Work Package - Minor Works – Extension Of Neil Boss Street And Upgrading Of Milner Street Including Pedestrian Walkways.	Contract amount increased by R7 931 171.52 from R10 182 511.35 to R18 113 682.87, inclusive of VAT and contingencies	Koelro No. 79	18 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Koelro No. 79 be retrospectively

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					appointed to do work outside the normal scope of work and be paid for this additional work as detailed in the Executive Director's report. (c) That the contract price for Contract C5530 : Extension of Neil Boss Street and Upgrading of Milner Street including Pedestrian Walkways be increased by R7 931 171.52 from R10 182 511.35 to R18 113 682.87, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
120	Repairs to VW Golf GTI FBC107EC In Car Camera System Contract With African Renaissance.	R82 301.88, inclusive of VAT	Tavcor Embassy	3 December 2009	Having considered the report by the Safety and Security Directorate to the Adjudication Committee

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					meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That given the fact that the existing warranty would expire if anybody else effected repairs on the vehicle, that Tavcor Embassy was appointed to effect the necessary repairs to VW Golf GTI FBC107EC, in the amount of R82 301.88, inclusive of VAT.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
121	Servicing Of Inductively Coupled Plasma Optical Emission Spectrometer (ICP – OES).	R18 349.00, inclusive of VAT	Life and Analytical Sciences (Perkin Elmer)	3 December 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(ii) and (v) thereof. (b) That Life and Analytical Sciences (Perkin Elmer) be retrospectively appointed for the servicing of the Inductively Coupled Plasma Optical Emission Spectrometer, in the

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					amount of R18 349.00, inclusive of VAT.
122	Venue Hire, Catering And Loud hailing : Ndzululwazi Hall, Coega Village : 29 November 2009 : Public Hearing On Labour Broking.	R51 966.33 - venue hire, catering, set up and equipment Loud hailing : R2 000 R2 000 R2 000 R2 000 R2 000 R2 000 R2 000 R2 000 R2 000	ESS Support services Worldwide CC Chimusenga Trading First Gear Trading Ngquma Trading Nkuthalo Trading Tinara Trading Keith Botha (Ubuntu Ads and Dist) Flash Arch Mzimkulu and Kapayi Lovers Event Management	27 November 2009	The National Parliamentary Committee on Labour convened a public hearing on labour broking on Sunday, 29 November 2009. The Chairperson of the Portfolio Committee on Labour, Honourable L E Yengeni, will preside over the proceedings. The hearing was attended amongst others by Councillors of the Nelson Mandela Bay Municipality, labour brokers, members of labour unions as well as members of the community affected by labour broking. The Nelson Mandela Bay Municipality had been requested to assist with a suitable venue, catering, set up equipment (PA system, standing and roving mics, etc.) and to inform relevant stakeholders through the media, the sending out of

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					invitations to Councillors and loud hailing, etc. Despite all efforts by the Speaker's Office, no suitably situated municipal or privately owned hall that can be used for public hearing was available except for the Ndzululwazi Hall at Coega Village.
123	Contract Enquiry 214 : Sponsorship And Events Management Services For The Bay Stars Gala Dinner.	R650 056,50 (inclusive of VAT)	Platinum Productions	27 November 2009	At a meeting of the Executive Mayor held on 20 February 2008 the Bay Stars Awards Implementation Framework (NMBM's Employee Excellence Awards) was approved and in terms of this framework a gala dinner is to be held annually. During September 2009, a three-year tender was issued for the procurement of sponsorship and event management services. The tender was open for a period of one month and a report prepared for the Evaluation Committee. Unfortunately due to a lack of a quorum two meetings of the Evaluation Committee failed

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					to take place. The next meeting of the Evaluation Committee was on 16 November 2009 and the Adjudication Committee where the tender would be considered met on 26 November 2009 only which would be too late to make arrangements for the gala dinner held on 11 December 2009, i.e. sponsorship mobilisation, design and sending out of invitations, design of gala dinner programme, audio-visual and multi-media equipment, securing of personalities to hand over awards, a programme director, artists, etc. Authority was therefore granted to deviate from the Municipal Supply Chain Management procedures to appoint Platinum Productions who at the time of the evaluation of the tender scored the highest number of points in terms of the

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					preferential formula for the first year's gala event only whereafter consideration of the tender for the remaining years will follow formal supply chain management procedures.
124	Contract 5548 : 2010 Work Package : BRT : Upgrading Of Harrower Road And Stanford Road.	Contract amount increased by R8 550 000,00 from R53 996 858,78 to R62 546 858,78, inclusive of VAT and contingencies	Penny Farthing Engineering SA	18 November 2009	Having considered the report by the Infrastructure and Engineering Directorate, the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Penny Farthing Engineering SA be appointed to

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					undertake measures to reduce the construction period of Contract 5548 as detailed in the Executive Director's report. (c) That the contract price for Contract C5548: Upgrading of Harrower Road and Stanford Road be increased by R8 550 000,00 from R53 996 858,78 to R62 546 858,78, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
125	Repairs/Rehabilitation Of Inductively Coupled Plasma Optical Emission Spectrometer (ICP – OES).	R101 859,00, inclusive of VAT.	Life and Analytical Sciences (Perkin Elmer)	3 December 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the

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					recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(ii) and (v) thereof. (b) That Life and Analytical Sciences (Perkin Elmer) be retrospectively appointed to replace the RF Oscullator in the Inductively Coupled Plasma Optical Emission Spectrometer, in the amount of R101 859,00, inclusive of VAT.
126	Contract 5262 : 2010 Work Package : Roadworks : Upgrading Of Third	Contract amount increased by	Cypress Construction CC	17 November 2009	Having considered the report by the Infrastructure and

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	Avenue And Allister Miller Drive.	R9 975 000 from R28 932 237.84 to R38 907 237.84, inclusive of VAT and contingencies			Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Cypress Construction CC be retrospectively appointed to do work outside the normal scope of work and measures to reduce the construction period and be paid for the additional works items as detailed in the Executive Director's report.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(c) That the contract price for Contract C5262 : Upgrading of Third Avenue and Allister Miller Drive, Walmer, be increased by R9 975 000 from R28 932 237.84 to R38 907 237.84, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
127	Contract 5555 : 2010 Work Package : BRT : Upgrading Fettes Road/Theale Street.	Contract amount increased by R5 219 184.48 from R47 039 473.67 to R52 258 658.15, inclusive of VAT and contingencies	Penny Farthing Engineering SA (Pty) Limited	18 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain

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					Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Penny Farthing be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items as detailed in the Executive Director's report. (c) That the contract price for Contract 5555: Upgrading of Fettes Road/Theale Street to a Bus Rapid Transport Route (BRT), awarded to Penny Farthing Engineering SA (Pty) Limited, be increased by R5 219 184.48 from R47 039 473.67 to R52 258 658.15, inclusive of VAT and

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					contingencies, and subject to escalation in terms of the contract.
128	Contract 5553 : 2010 Work Package : BRT : Kempston Road Public Transport Lanes : Haupt To Diaz .	Contract amount increased by R16 963 397.22 from R55 400 000 to R72 363 397.22, inclusive of VAT and contingencies	Rumdel Construction (Pty) Limited	18 November 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(1)(a)(v) thereof. (b) That Rumdel Construction (Pty) Limited be retrospectively appointed to do work outside the normal

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					scope of work and be paid for the additional works items and for measures taken to reduce the contract duration as detailed in the Executive Director's report. (c) That the contract price Contract C5553: Kempston Road Public Transport Lanes: Haupt to Diaz Street awarded to Rumdel Construction (Pty), be increased by R16 963 397.22 from R55 400 000 to R72 363 397.22, inclusive of VAT and contingencies and subject to escalation in terms of the contract
129	Road to 2010 Programme In Respect Of Sony Fevapitch Tournament : 2 To 5 December 2009,Cape Town : Accommodation And Travel Costs Of NMB Finalists.	R81 000	Octagon	27 November 2009	This resolution replaces the Municipal Manager's resolution 1471 dated 9 November 2009. Sony is an official partner of

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					the 2010 FIFA World Cup South Africa™. In order to support football development and promote public interest in the World Cup at a grassroots level, the company has developed a FIFA approved 5-a-side tournament for this purposed called Sony Fevapitch. Sony has appointed a company, Octagon, to stage the tournament on its behalf. All 9 Host Cities are partners to the staging of the event with a view to promoting football within the Host City by means of increasing community participation in the sport. Each Host City will present two teams at the tournament, to be hosted during the FIFA Final draw in Cape Town between 2 and 5 December 2009. On Saturday, 3 October 2009, Sony and Octagon held its knock out competition in Nelson Mandela Bay and two teams emerged as finalists

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					from 24 participants to represent the Host City in Cape Town, i.e. The A Team and Hotshots 5-a-side squads. In order to promote the 2010 Directorate's Road to 2010 and Legacy Programme at the Sony Fevapitch Tournament between 2 and 5 December 2009, the Directorate will pay travel and accommodation costs as its share of the total costs (see attached quotation). As the event managers, Octagon, have been contracted by Sony for the staging of the tournament, the 2010 Directorate will have to make use of their services and in order to do so, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy as this service is exclusively rendered by Octagon, who have been

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					contracted by the FIFA partner, Sony.
130	Dinner And Lunch For Ningbo Education Delegation : 23 And 24 November 2009	R4 000.00	Lai Kung Chinese Restaurant at the Board Walk Ginger Restaurant	17 November 2009	A Ningbo Education delegation of six persons will be visiting Nelson Mandela Bay from 23 to 25 November 2009. This visit will take place in terms of the partnership agreement between NMBM and Ningbo Municipality. The focus of the visit is to discuss the possibility of having exchanges and cooperation with NMBM especially student exchanges between NMMU and Ningbo University and to obtain and exchange information on education systems, administration and policies between Ningbo and SA Department of Education. The Deputy Executive Mayor, who is responsible for Council's International Relations, will host a dinner for the delegation at a restaurant on Monday

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					evening, 23 November 2009. The delegation will also be provided with lunch on Tuesday, 24 November 2009. The total estimated cost for the dinner and lunch will be approximately R4 000.00 and the number of attendees in both instances twelve persons. As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant the dietary requirements or preferences of the incoming delegation needed to be taken into consideration, it was impractical to follow formal tender procedures
131	2010 FIFA World Cup : NMBM Stadium : Contract 5420 : Reduction Of Tender Period For Urgent Work To Be Completed Before Event.	R29 012 531.13	Zama Projects and Topturf Group	11 December 2009	In terms of paragraph 22(2) of the Municipal Supply Chain Management Policy, the accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days

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					requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process. In view thereof and having considered the reasons given in the attached letter, dated 3 December 2009, from BKS/BTKM-PMSA Joint Venture, it was **RESOLVED:** That the reduction of the tender period to a period not less than 7 days and no more than 14 days for urgent work to the value of R40 million to be completed before the 2010 World Cup event be approved in terms of paragraph 22(2) of the Municipal Supply Chain Management Policy as detailed in the letter from BKS/BTKM-PMSA Joint

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					Venture (file copy only).
132	Approval In Terms Of Paragraph 32 Of The Municipal Supply Chain Management Policy To Appoint a firm of consultants to render services related to the NMBM's proposed Uitenhage Nodal 400/132 Kv Substation.	R82 986.30 including VAT	Eskom with Sivest	22 January 2010	In terms of the Electricity and Energy Directorate's long-term High Voltage Masterplan, a second intake substation from Eskom, the Uitenhage Nodal 400/132 kV, was proposed and will be located in the Jagtvlakte area. In respect of Eskom's proposed 400 kV power lines that will be supplied from the proposed Thyspunt Nuclear Power Station including the NMBM's proposed Uitenhage Nodal site, Eskom has appointed Sivest to conduct its EIA process. In order for the NMBM to give input to Eskom on the position of the substation, a fatal flaw analysis on the proposed Uitenhage Nodal Substation and 132 kV line servitudes must be undertaken and to meet Eskom's tight timeframes, it was proposed

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					that in view of the provisions of paragraph 32(1) of the Municipal Supply Chain Management Policy which authorizes the accounting officer to procure goods and services under a contract secured by another organ of state, the existing contract between Eskom and Sivest be utilized by the Electricity and Energy Directorate for the fatal flaw analysis
133	Purchase Of Work Of Art : Authorisation Of Expenditure : Jennifer ORD.	White bulls without wings R30 000.00	Jennifer Ord	18 January 2010	With regard to the procedures set out in Municipal Manager's Resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted the attached report to the Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire same

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					by a competitive process as prescribed by the Municipal Supply Chain Management Policy
134	Contract 45/5 : Protection/Access Control/Escort Services.		Nationwide Security and Umsimbithi Security Services	18 January 2010	Although the Security Sub-Directorate completed its internal evaluation of the 13 tenders received in respect of the abovementioned contract by May 2009, there were queries by Budget and Treasury on the operational evaluation processes and allocation of preferential points which had to be addressed and resolved by Supply Chain. When submitted for approval to the Adjudication Committee meeting of 7 December 2009, subsequent further queries regarding the specifications were made by the Committee which resulted in the award of this tender being finally approved by the Adjudication Committee on 14 December 2009 only which did not allow the Safety and Security

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					Directorate sufficient time to finalise the letter of appointment, the generation of an order and the compilation of a service level agreement for the appointment of the new service provider and the proper hand over of the system between the current service providers (Nationwide Security and Umsimbithi Security Services) and the new service provider by 31 January 2010. In view of the above it was approved that the services of the current service providers be extended on a month-to-month basis to allow sufficient time for the completion of the abovementioned administrative processes.
135	Appointment Of Price Waterhouse Coopers For A Further Forensic Investigation In the Budget And Treasury Directorate.	R130 000 - additional work undertaken during the cyber fraud investigation	PriceWaterhouseCoopers (PWC)	19 January 2010	PriceWaterhouseCoopers was previously appointed to conduct an investigation on behalf of the NMBM in the

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		R210 000 - forensic investigation			Budget and Treasury Directorate, i.e. cyber fraud, in the amount of R850 000 (Municipal Manager's Resolution 1420 dated 8 September 2009). During the course of that investigation, further apparently related irregularities were detected that could not be ignored and the Chief Financial Officer gave the go ahead to proceed with the investigation of the additional work provided it related to the mandated investigation. This additional work amounted to R130 000. However, when the findings were released to the Director: Internal Audit and Risk Assurance, it was realised that this work, while it emanated from the initial assignment, would require a separate mandate. The Acting Municipal Manager authorized Internal Audit on 27 October 2009 to dispense

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					with the full Municipal Supply Chain Management process to engage in a process to appoint an external forensic service provider in a competitive but closed tender process to investigate the alleged irregularities due to the urgency, sensitivity and uncertainty surrounding the extent thereof and the persons who may be involved. PriceWaterhouseCoopers tendered the lowest amount, namely R210 000 and was appointed.
136	Appointment of KPMG to conduct a Forensic Investigation.	R205 663, including VAT and excluding disbursements	KPMG	11 December 2009	Allegations of fraud, theft, misconduct and mismanagement in the Constituency Sub-Directorate were reported to the Internal Audit Division. **RESOLVED:** That authority be granted to depart from the provisions of

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					the Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof in order to appoint KPMG to conduct a forensic investigation at a cost of R205 663, including VAT and excluding disbursements.
137	Extension Of Contracts – Nationwide Security And Umsimbithi Security Services	Approximately R2.5 m per month	Nationwide Security and Umsimbithi Security Services	29 December 2009	A departure in terms of paragraph 36(1)(a)(iii)(v) of the Municipal Supply Chain Management Policy was authorised in order to extend the current contracts of Nationwide Security and Umsimbithi Security Services for a further one (1) month until 31 January 2010, as per the current terms and conditions of the contract, in order for the relevant administrative processes to be completed.
138	Animal Welfare Society.	R85 752.28	Animal Welfare Society	31 December 2009	The NMBM on 1 December 1997 entered into a memorandum of agreement

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					with the Uitenhage Society for the Prevention of Cruelty to Animals (SPCA) for an indefinite period. However, the closure of the Port Elizabeth branch of the aforementioned organisation resulted in the NMBM having to source alternative specialised accommodation for stray animals. The Animal Welfare Society in Port Elizabeth was found to be the sole service provider capable of handling the special needs of these stray animals. It has the infrastructure to provide veterinary care as well as incinerator services specifically for the disposal of dead animals, which is an important requirement to prevent the spreading of contagious diseases.
139	Berco Indoor Gardens – Rental And Maintenance Of Pots And Plants For Legal Services, Noninzi Luzipho Building.	monthly rental of R4 204.59, inclusive of VAT	Berco Indoor Gardens	11 January 2010	Having considered the report by Legal Services to the Adjudication Committee meeting held on 26

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					November 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof. (b) That Berco Indoor Gardens be retrospectively appointed with effect from 1 July 2009 for the supply of stoneware pots as well as plants, and the maintenance thereof, for the Legal Services Sub-Directorate on a month-to-month basis, not exceeding 31 January 2010, at a monthly rental of R4 204,59, inclusive

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					of VAT, whilst fresh tenders are being invited.
140	Advanced Certificate On Executive Leadership And Management Programme For Councillors By The Nelson Mandela Metropolitan University (NMMU).	R27 000 per person	Nelson Mandela Bay Metropolitan University	25 February 2010	The Office of the Speaker is endeavouring to capacitate Councillors and the Nelson Mandela Metropolitan Municipality (NMMU) has facilitated the process of RPL assessment of Councillors to support them to obtain competency certificates for short courses done and relevant qualifications obtained. Based on the above, four Councillors, i.e. Councillors L N Makwetu, X Mgudlandlu, C Makoni and A Mali were successfully assessed and ready to be enrolled for the Advanced Certificate on Executive Leadership Development Programme. Due to the unavailability of other learning institutions in Nelson Mandela Bay where this programme is offered and due to the fact

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					that the NMMU facilitated the process of RPL assessment of the Councillors, the Office of the Speaker has no other option but to use the services of the NMMU to facilitate the said training programme of the four Councillors and it was therefore impractical to follow formal tender procedures. In view of the above, it was **RESOLVED:** (a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) and (v) thereof to enrol Councillors L N Makwetu, X Mgudlandlu, C Makoni and A Mali at the Nelson Mandela Bay Metropolitan

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					University, for the Advanced Certificate on Executive Leadership Development Programme, as it is the only available learning institution within the Nelson Mandela Bay area where this qualification can be obtained.
141	Contract 2490 : New Brickmaker's Kloof Bridge In Baakens Valley : Acceleration Increase In Tender Amount.	Contract amount increased by R13 119 806.07 from R30 815 021.04 to R43 934 827.11 inclusive of VAT and contingencies	Basil Read (Pty) Limited/Newport Construction (Pty) Limited Joint Venture	24 February 2010	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 22 February 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Supply Chain Management Policy be departed from in

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					terms of paragraph 36(1)(a)(v) thereof. (b) That Basil Read (Pty) Limited/Newport Construction (Pty) Limited Joint Venture be instructed to accelerate the programme on Contract Enquiry 2490: New Brickmaker's Kloof Bridge in Baakens Valley in order to make the bridge trafficable by 10 June 2010. (c) That the contract amount for Contract Enquiry 2490: New Brickmaker's Kloof Bridge in Baakens Valley, be increased by R13 119 806.07 from R30 815 021.04 to R43 934 827.11 inclusive of VAT and

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					contingencies, with only the original tender items subject to escalation in terms of the contract in order to accommodate the accelerated programme.
142	Payment Of Truvelo Manufacturers For Maintenance And Calibration Of Speeding Equipment.	R29 415.00, inclusive of VAT	Truvelo Manufacturers	8 February 2010	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was **RESOLVED:** (a) That, given that Truvelo Manufacturers were the sole providers of Truvelo speeding equipment currently used by Council, that authority be granted to depart from the provisions of

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					paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(ii) and (v) thereof. (b) That payment be made to Truvelo Manufacturers in the outstanding amount of R29 415.00, inclusive of VAT for the maintenance and calibration of Truvelo Speeding Equipment. (c) That Truvelo Manufacturers be appointed on a month-to-month basis not exceeding 31 March 2010, on the same terms and conditions, whilst fresh tenders were being invited for the maintenance and calibration of Truvelo Speeding Equipment.

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143	Procurement Of Professional Consultancy Services From Urban Econ Development Economists To Be Rendered For The NMBM's Economic Summit.	R149 853.00 (VAT inclusive)	Urban Econ Development Economists	2 March 2010	The EDRS was planning to host an Economic Summit at the end of April 2010 to review the NMBM's Growth Development Strategy (NMB GDS) as part of the NMBM Executive Mayor's 100 days in office celebratory programme. In its preparation for the Summit the Directorate held discussions with the Executive Mayor and the Economic Development and Recreational Services Standing Committee Chairpersons and it was decided that the Summit should encompass a broader consultative process as detailed in the report by the Executive Director to the Acting Municipal Manager. This broader consultative process was intended to provide solutions for the extensive and cumbersome economic challenges faced by the NMB region's economy in the global recession. Due

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					to limitations placed on the Directorate as a result of the additional mandate and the limited timeframe, it was necessary to contract the services of a professional service provider with the necessary consultancy skills to assist the Directorate with the consultative process outlined in the Executive Director's report as soon as possible. The Directorate has limited time to brief the service provider on the assignments and requirements to compile the necessary data and to engage with stakeholders and it is therefore not possible to follow the procurement processes outlined in the NMBM's Supply Chain Management Policy to engage the services of a consultant. EDRS was of the opinion that Urban Econ Development Economists are best placed to be engaged on

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					the assignment as they were responsible for the compilation of the NMBM GDS in 2007 and of the three service providers approached; they also provided the most competitive pricing and delivery model for the 2010 assignment.
144	Legacy Programme For Hosting Soccer Level One Course For Coaches : 18 To 28 March 2010.	R160 000 R30 000.	Coega Development Corporation Messrs Urban de Kok and Desmond Lewis	2 March 2010	In order to promote the 2010 Directorate's Legacy Programme, the Directorate has undertook to cover the cost of a SAFA accredited Soccer Level One coaching course for 30 local coaches. The Directorate was required to make provision for a venue that could provide the following: • Accommodation at the venue for the attendees • Catering, including three meals a day and refreshments in between • Sports fields available

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					for practical sessions • Lecture rooms with all modern facilities (projectors, screen, etc.) SAFA, which is a football governing body, is the only one accredited to conduct such a course by providing trainers and to make a decision on the choice of the suitability of a venue. Confirmation in this regard was received on 18 February 2010 only, which makes it impossible for the 2010 FIFA World Cup South Africa Directorate to follow the Supply Chain Management Policy processes. In order to pay the Coega Development Corporation (CDC) for the provision of the Training Centre the preferred venue for the Soccer Level One course, authority was requested to deviate from the provisions of the Municipal

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					Supply Chain Management Policy. During the abovementioned training course, the services of two SAFA trainers, Messrs Urban de Kok and Desmond Lewis were required. They are contracted by SAFA to render training services at a cost not exceeding R30 000 in respect of which authority was also requested to deviate from the provisions of the Economic entity Supply Chain Management Policy **RESOLVED:** (a) In order to promote the 2010 Directorate's Legacy Programme, in respect of the Soccer Level One Coaching Course, hosted between 19 and 28 March 2010, authority was granted to the 2010 FIFA World Cup

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					Directorate to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v), thereof, to pay Coega Development Corporation an amount not exceeding R160 000 for the provision of the training venue. (b) In order to obtain the services of Messrs Urban de Kok and Desmond Lewis as conductors of the course, authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v) thereof, to pay for their services in an amount not exceeding R30 000.

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145	Review The Current And Develop A Proposed Organogram Together With Implementation Plan For The NMBM.	R200 000.00	Mbumba Project Managers	8 February 2010	As per the recommendations of the recent Mayoral Retreat held in Port Alfred during January 2010 as set out in the report by the IDP and Strategic Planning Sub-Directorate, it was **RESOLVED:** That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to appoint Mbumba Project Managers to review the current institutional organogram and to develop a proposed organogram with an implementation plan for the NMBM in the amount of R200 000.00.
146	100 Days To 2010 FIFA World Cup Kick Off And The Official Opening Of The Nelson Mandela Bay Stadium.	R3,5 million	Various service providers	18 February 2010	In order for the NMBM to officially open the NMBM Stadium on Sunday, 28 February 2010, which will also mark the 100 days

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					celebration to the 2010 FIFA World Cup Kick Off on 11 June 2010, the 2010 FIFA World Cup Directorate arranged a Confederation of African Football Inter Club Champions League, Second Leg Match between Orlando Pirates (South Africa) and Gaborone United (Botswana) for which permission had been granted by Confederation of African Football (CAF) (see attached CAF letter). The programme would include a FIFA Media Roadshow, headed by the Chief Executive Officer of the FIFA Organising Committee, Dr Danny Jordaan, as this is a FIFA accredited event. In order for the 2010 World Cup Directorate to carry out the hosting of the event, the Directorate would have to bear the cost of hosting the celebrations on Sunday, 28 February 2010, which

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					amongst others will be clubs' appearance fees, air fares and accommodation for the two participating teams, stadium-related costs, entertainment programme, sound and lighting, local travel arrangements and VIP suites, hospitality, advertising and publicity, match commissioner and officials' fees, travel and accommodation and the CSI Programme. The 2010 FIFA World Cup Directorate has made provision in the 2009/10 budget for the hosting of the event at a cost not exceeding R3,5 million in respect of which authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy.
147	Contract Enquiry 208 : Lease Of The Provincial Government Garage On Erf 1925, Mount Road, To The Nelson Mandela Bay Municipality For Use As	R1 192 440.00, inclusive of VAT	Province of the Eastern Cape Department of Roads and Transport	16 February 2010	Having considered the report by the 2010 FIFA World Cup Directorate to the Adjudication Committee

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	Parking For The 2010 FIFA World Cup.				meeting held on 4 February 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That the parking garage, located on Erf 1925, Mount Road, which is being offered free of charge (under certain conditions), be retrospectively leased for the period from 1 June 2009 to 31 July 2010, from the Province of the Eastern Cape Department of Roads and Transport for use

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					as VIP parking for the 2010 FIFA World Cup. (c) That it be noted that the operational and maintenance charges, payable by the Nelson Mandela Bay Municipality, would amount to approximately R1 192 440,00 inclusive of VAT, as reflected in the report.
148	Moral Regeneration Movement Responsible Citizenry Programme: 8 To 12 February 2010.	R113 040.91 - for audio equipment, transport for learners, framed photographs of Dr Mandela, t-shirts and other marketing material R10 000 - role-play drama with emphasis on the Rivonia Trial of 1963	Various Service Providers Kula Productions	5 February 2010	The Office of the Speaker through the Moral Regeneration Movement is rolling out Responsible Citizenry Programmes for Grades 11 and 12 at several high schools within the Metro. The programme commenced on 8 February 2010 until 12 February 2010. The total amount of the programme was R123 040.91 which included a role-play artist, audio equipment, transport for

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					learners, framed photographs of Dr Nelson Mandela, t-shirts and other marketing equipment. Part of the programme entailed a role-play drama performance with emphasis on the Rivonia Trial of 1963. Kula Productions is the only production company in South Africa that performs this drama and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes a deviation was also approved in terms of paragraph 36(i)(a)(iii) of the Supply Chain Management Policy.
149	Safety And Security 2101 Strategic Workshop.	R87 000	Mpekweni Beach Resort	5 February 2010	That authority was granted to deviate from the provisions of paragraph 18 of the Municipal

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					Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to utilize Mpekweni Beach Resort as venue for the Safety and Security 2010 Strategic Workshop to be held from 21 to 23 February 2010 at a cost of approximately R87 000.
150	Purchasing Of Premiums And Corporate Merchandise.	R1 000 000,00	Picto Bushby (Pty) Limited	4 February 2010	In order to promote the 2010 FIFA World Cup in Nelson Mandela Bay, the Directorate wishes to purchase premiums and corporate merchandise bearing the composite logo as give-aways. As the service providers for the provisions of these services had been contracted by FIFA, the NMBM was obligated to make use of their services in terms of the Host City Agreement. Authority was therefore requested to deviate from the provisions of the Municipal Supply Chain Management Policy to purchase premiums

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					RESOLVED: That in order to promote the 2010 FIFA World Cup in Nelson Mandela Bay, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof, to purchase premiums and corporate merchandise from Picto Bushby (Pty) Limited (registration number 1HAMNZ8TRW on the NMBM Supplier Database) at a cost not exceeding R1 000 000.00.
151	Extension Of Validity Period Of Contracts : Waste Management Cooperatives : Contract Enquiry Nos. 177-7, 177-8 And 177-9 : Tri-Annual Tender For The Collection, Transport And Disposal Of Waste.		Ntinga Ntaka Ndini Cooperatives (Motherwell), Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand), Masiphuhle Cleansing Cooperatives (Kuyga)	26 February 2010	That the decision of the Adjudication Committee dated 26 November 2009 to appoint contractors for CE 177-7, CE 177-8 and CE 177-9 be put on hold for a further period pending the finalization of the investigation into objections received by the Acting Municipal Manager,

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					but not later than 31 May 2010. (b) That the Supply Chain Management Policy be departed from accordingly in terms of paragraph 36(1)(a)(v) thereof to avoid the need for tenders. (c) That the re-appointment of Ntinga Ntaka Ndini Cooperatives (Motherwell), Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Cooperatives (Kuyga) be extended from 1 March 2010 on the same terms and conditions as per their previous contracts for

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					the provision of these services but not later than 30 April 2010 pending the finalization of the investigation into objections received by the Acting Municipal Manager with regard to the tender process.
152	Retention Of Services Of Service Provider Contracted In Respect Of Home-Stay Accommodation For The 2010 World Cup.	R150 000.00 (VAT inclusive)	STTI Services	4 March 2010	Formal accommodation for the influx of visitors who will attend the 2010 FIFA World Cup matches to be played in Nelson Mandela Bay Municipality between 11 June and 11 July 2010 is being supplemented with home-stay accommodation where home-owners in Nelson Mandela Bay and surrounding areas are offered an opportunity to rent out rooms in their homes for visitors to stay and to consider other facilities such as school hostels, churches, sports field and camping grounds. A service provider

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					was appointed on an informal tender to co-ordinate this service and its terms of reference and further extension thereof set out in the report by the Executive Director : 2010 FIFA World Cup. As the Tourism Department is satisfied with the services being rendered by the current service provider, STTI Services, authority was requested for a deviation from the Supply Chain Management processes to retain its services as it is already familiar with the process. Should a new service provider be appointed it will take a while to settle which will seriously hamper the processes already in place. Accommodation requests are now being received on a daily basis since ticket bookings opened and as beachfront hotels and Bed and Breakfasts are already

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					extensively booked home-stay accommodation requests will increasingly be received. It has also become necessary to post the availability of home-stay accommodation on the municipal and 2010 websites and the use of the current service provider to provide this information to load on the websites will ensure that visitors can timeously make use of this service.
153	Legacy programme for provision of lap desks to needy schools.	R1,5 million (excluding VAT)	Lapdesk Company	16 March 2010	In order to promote the 2010 Directorate's Legacy Programme, the Executive Mayor, Councillor Zanoxolo Wayile in conjunction with the 2010 WC Directorate, has undertaken to cover the costs of production and distribution of lap desk to needy schools in the Nelson Mandela Bay Metro. The lap desks will be branded with the Nelson Mandela Bay 2010 logos and have educational information

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					displayed on its surface. It is envisaged that the Executive Mayor and relevant councillors will hand these lap desks over to needy schools at an occasion that will promote the 2010 FIFA World Cup in the Nelson Mandela Metro. These lap desks will be purchased from the Lapdesk Company, which has the patent and intellectual property rights. This makes it impossible for the Directorate to follow the supply Chain Management Policy. Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy.
154	Mini Retreat.	R 97 884.00 – Venue R 17 599.00 - Facilitator	Mpekweni Beach Resort Advocate luvuyo Bono	16 March 2010	The Director : IDP was instructed to co-ordinate a mini-retreat with the objective of review of the integrated development plan, plan for the implementation of the IDP, ensuring

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					mechanisms/systems for accountability, monitoring and evaluation and teambuilding for all Executive Directors and Directors. **RESOLVED:** (a) That authority be granted to deviate from the provisions of paragraphs 17 and 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint the service providers detailed hereunder for the provision of a venue and facilitator, Advocate Luvuyo Bono, for the retreat
155	Berco Indoor Gardens : Rental And Maintenance Of Pots And Plants For Legal Services, Noninzi Luzipho.	monthly rental of R4 204.59, inclusive of VAT	Berco Indoor Gardens	24 March 2010	Having considered the report by the Chief Operating Officer (Legal Services) to the Adjudication Committee meeting held on 4 March 2010, given the delay in

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					obtaining the Acting Municipal Manager's resolution making it impractical to give proper notice to Berco with regard to the cancellation of the agreement and notwithstanding the Acting Municipal Manager's resolution No. 1529 dated 11 January 2010, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of Section 18 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Berco Indoor Gardens be retrospectively appointed with effect from 1 February 2010 for the supply of stoneware pots as

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					well as plants and the maintenance thereof for the Legal Services Sub-Directorate – on a month-to-month basis, for a period not exceeding 30 April 2010 at a monthly rental of R4 204.59, inclusive of VAT, in order to comply with the provisions of the agreement as envisaged in Clause 2 thereof.
156	Contract 5468 : Tarring Of Gravel Roads : Booysen Park.	Contract amount increased by R756 002.46 from R9 523 089.18 to R10 279 091.64, inclusive of VAT and contingencies	Techni Civils	17 March 2010	Having considered the report by the Executive Director : Infrastructure and Engineering to the Adjudication Committee held on 22 February 2010 and the recommendation of that Committee, it was

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					RESOLVED: (a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof. (b) That approval for the additional works items as detailed in the Executive Director's report be granted and that Techni Civils be paid for their additional costs. (c) That the contract price of Contract 5468 for the Tarring of Gravel Roads in Booysen Park awarded to Techni Civils be increased by R756 002.46 from R9 523 089.18 to R10 279 091.64, inclusive of VAT and

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					contingencies, and subject to escalation in terms of the contract.
157	Shark Research.	R800 000.00	Bayworld Centre for Research and Education	1 April 2010	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That due to the specialisation of the study required on sharks in Algoa Bay, authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That Bayworld Centre for Research and Education be appointed to conduct a shark research and submit reports over a period of 3 years at an estimated total cost of R800 000.00
158	Moral Regeneration Movement Responsible Citizenry Programme : 17 to 19 March 2010.	R8 000	Kula Productions	24 March 2010	The Office of the Speaker through the Moral Regeneration Movement is extended the roll-out of the Responsible Citizenry Programme to include eight high schools in KwaNobuhle township in Uitenhage and two high schools in the Despatch area, targeting Grades 11 and 12. Part of the programme entailed a role play drama performance with emphasis on the Rivonia Trial of 1963. Kula Productions is the only production company in South

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Africa that performs this drama and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, a deviation was approved in terms of paragraph 36(i)(a)(iii) of the Supply Chain Management Policy.
159	Development Of A Monitoring Tool To Track Progress Regarding Implementation Of Council Resolutions.	R179 760 (excluding VAT)	Macrovest 102 (Pty) Limited	17 March 2010	A need for a monitoring tool to track progress relating to the implementation of Council Resolution emanated from a concern raised by the Acting Municipal Manager that there was a lack of an effective and efficient IT based monitoring system for same within the organisation. Subsequent to that, the Monitoring and Evaluation Sub-Directorate developed a monitoring framework for the implementation of Council

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Resolution from which a computerized version will be developed. **RESOLVED:** (a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) to appoint Macrovest 102 (Pty) Limited to develop a monitoring tool for tracking progress regarding the implementation of Council Resolutions in the amount of R179 760 (excluding VAT). (b) That due to the urgency of this project, the service provider who is on site and has

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					been contracted since 29 November 2007 (Tender 2265) to develop, support and maintain the NMBM's "Financial Management Tool" Macrovest be commissioned to develop the software
160	Contract B1203a&B : Authorisation To Depart From The Normal Supply Chain Management Procedures In Order For The Implementation Of The Elimination Of Digester Tanks : Colchester.	R1 300 000, inclusive of VAT	Makhetha Development Consultants and Ndondana Engineers	1 April 2010	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That the labour for the Implementation of the elimination of Digester Tanks at Colchester, be sourced by Makhetha Development Consultants and Ndondana Engineers who have already been appointed on this project, at an estimated cost of R1 300 000, inclusive of VAT, with a completion period of seven months.
161	Contract 175920001109 : Extension on Month-To-Month Basis : Contract For Speed And Robot Offences By LABAT Traffic Solutions (Pty) Limited now known as Total Client Services.	R1 396 969.50, inclusive of VAT	Total Client Services (PTY) LTD	30 March 2010	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 4 March 2010 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of Paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1) (a) (v) thereof. (b) That Labat Traffic Solutions (PTY Ltd) (now known as Total Client Services) be retrospectively appointed with effect from 5 April 2007 until 31 January 2010 and that payments in the total amount of R6 706 879,00 including VAT already made to the company for services rendered during the period 5 April 2007 to 31 August 2009 be

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					ratified. (c) That an amount of R1 396 969,50, inclusive of VAT, be paid to Total Client Services in respect of services rendered for the period 1 September 2009 until 31 January 2010. (d) That Total Client Services be appointed to provide equipment and services for speed and robot offences w.e.f.1 February 2010 on a month to month basis but not exceeding six months at the fixed fee approved by Council pending a decision on the way forward i.e. regarding the viability of purchasing the equipment or acquisition of a

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					service provider for speed cameras, submitted by the Metro Task Team to the Executive Director: Safety and Security. (e) That Total Client Services be paid all outstanding cases generated during the period of the contract until all cases reflected on the prosecution system has been finalized in accordance with the fixed fee approved by Council.
162	Appointment Of Service Providers For Human Rights Day Commemoration : 21 March 2010.	R15 000 R12 000 R12 000 R12 000 R12 000	FNQ Bus Service CC Flash Arch Investments First Gear Trading Ubuntu Ads and Distribution Chimurenga Masai	29 March 2010	The NMBM in conjunction with EXCO, Office of the Premier and Department of Sport, Recreation, Arts and Culture were involved in the organisation of the Human Rights Day Commemorations held at the Jabuvu Stadium in Uitenhage on 21 March 2010.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
		R12 000 R12 000	Trading Vuyisani Meva Vuyani Hani and Inga Trading		The NMBM was responsible for arranging bus transport and loud hailing. As Constituency Services have been involved in the arrangements of the Mayoral Outreach which commenced in February and concluded on 14 March 2010 and due to the lack of clear instruction in respect of the NMBM's responsibilities for the Human Rights Day Commemoration, preparations could not be finalized timeously and it was therefore not possible to follow tender procedures to appoint service providers for the provision of transport and loud hailing. In view of the above, it was **RESOLVED:** That due to limited time to finalise arrangements for the Human Rights Day

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					Commemoration held on 21 March 2010, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of FNQ Bus Service CC in the amount of R15 000 and Flash Arch Investments, First Gear Trading, Ubuntu Ads and Distribution, Chimurenga Masai Trading, Vuyisani Meva, Vuyani Hani and Inga Trading for loud hailing at a cost of R12 000 per service provider.
163	Drivers' Licence Training At East Cape Training Centre (ETC).	R7 864.00, inclusive of VAT	East Cape Training Centre (ETC)	1 April 2010	Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 16 March 2010 and given that the service was satisfactorily rendered despite the fact that proper tendering procedures were not followed, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of paragraph 16 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v). (b) That East Cape Training Centre (ETC) be retrospectively appointed to provide drivers license training to two officials in the amount of R7 864.00, inclusive of VAT.
164	Golf Academy.	R50 000.00, inclusive of VAT	Digital Golf	1 April 2010	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 16 March 2010 and given that the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					services were satisfactorily rendered despite the fact that proper tendering procedures were not followed, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a) (v) thereof. (b) That Digital Golf be retrospectively appointed to provide developmental golf coaching services to 10 children in the Directorate's Golf Academy, in the amount of R50 000.00, inclusive of VAT.
165	Maintenance And Repair Of Passenger Lift : Disaster	R1 365.72, per month, inclusive of	KONE Elevators South Africa (Pty) Ltd	1 April 2010	That given that the twelve month maintenance free

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	Management Centre, South End Fire Station.	VAT			period had terminated on 4 December 2009 and that a new contract needs to be put in place, and further given that it was a legal requirement to service the lift monthly, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That KONE Elevators South Africa (Pty) Ltd be retrospectively appointed with effect from 5 December 2009 until 30 June 2010 to undertake the servicing of the passenger lift (South

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					End Fire Station) at a cost of R1 365.72, per month, inclusive of VAT, whilst fresh tenders are being invited with a view to entering into a 3 year Service Level Agreement.
166	Progress Maintenance And Support.	R138 624.00, inclusive of VAT	Sys-Net (Cape)	1 April 2010	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(ii) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That Sys-Net (Cape), who is the sole supplier of the Progress Software Licences, be appointed to provide the initial support as reflected in the Executive Director's Report at a cost of R138 624.00, inclusive of VAT, plus any further support required at a cost of R6 270,00, inclusive of VAT, per day, plus airfare, transport and accommodation, during the remainder of the current Progress Software Maintenance contract with the supplier.
167	Tourist Guides At Langa Memorial.	R36 000.00, inclusive of VAT		7 April 2010	Having considered the report by the Economic Development and

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					Recreational Services Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a) (v) thereof. (b) That subject to a project plan being drawn up by the Executive Director, family members of the victims of the 21 March 1985 massacre be appointed to tell the story of the incident to tourists/visitors at

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					Langa Memorial in Uitenhage, on the basis of 2 family members per fortnight at a once-off stipend of R1 500 each which equates to 4 people per month and 24 family members over a period of six months from 1 April to 30 September at a total cost not exceeding R36 000.00, inclusive of VAT.
168	Appointment of Service Providers for the Mayoral Outreach scheduled from 23 February to 14 March 2010.	R80 330,00 and R114 800 respectively R79 000 (excluding VAT) R31 500 R31 500 R13 500	Algoa Bus Company and FNQ Bus Services Makusetyenzwe Trading CC Mzimkhulu C Kapayi Chimurenga Trading Flash Arch Trading	24 March 2010	The Mayoral Outreach Programme in the form of Cluster Rallies has been scheduled during the period 23 February to 14 March 2010. The theme of the rallies is per the memorandum by the Director : Constituency Services. Ten Cluster Rallies will be held within Nelson Mandela Bay. Municipal Services on Wheels by

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		R4 000 R45 000	Tinarha Trading Liyema Advertising		various Directorates will be in attendance at the rallies. Twenty-two meetings were initially planned, but the Executive Mayor and political leadership have opted for ten cluster rallies instead and this has placed time limitations on the Constituency Services Directorate to follow formal tender processes for the appointment of service providers in respect of bus transport, PA systems and loud hailing
169	Road To 2010 And Legacy Programme At Easter Weekend Football Tournament : 2 to 5 April 2010.	R150 000 (including VAT)	SAFA	30 March 2010	In order to promote the 2010 Directorate's Road to 2010 and Legacy Programme at the SAFA's Local Football Association's Easter Weekend Football Tournaments to be held in Uitenhage, Motherwell, New Brighton and Northern Areas, between 2 and 5 April 2010, the Directorate will pay SAFA's suppliers for 2010 branded referee kits, football

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					strips and basic training equipment. The cost will include referees fees that will be paid to SAFA. Referees services are contracted by the soccer governing body, SAFA, the NMBM will therefore have to make use of their services, and in order to do so, authority was hereby granted to deviate from the provisions of the Municipal Supply Chain Management Policy
170	Purchase Of Work Of Art : Authorisation Of Expenditure : J J (Georgia) Papageorge.	R35 000.00	J J (Georgia) Papageorge	24 March 2010	With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted the report to the Acting Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire

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					same by a competitive process as prescribed by the Municipal Supply Chain Management Policy, it was accordingly **RESOLVED:** That having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorized, for the purchase of the following artwork from J J (Georgia) Papageorge.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
171	Contract 335w : Loerie Water Treatment Works : Design, Supply, Installation, Commissioning And Maintenance Of Chemical Dosing Equipment : Inclusive Of Civil, Mechanical, Electrical And Building Works.	Contract amount increased by R9 188 400.00 from R45 037 221.03 to R54 225 621.03 inclusive of 20% contingencies and VAT	PCI Africa	24 March 2010	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 22 February 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That the approved contract sum for Contract 335W: Loerie Water Treatment Works : Design, Supply, Installation, Commissioning and Maintenance of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Chemical Dosing Equipment : Inclusive of Civil, Mechanical, Electrical and Building Works, which was awarded to PCI Africa, be increased by R9 188 400.00 as detailed in the Executive Director's report to the Committee from R45 037 221.03 to R54 225 621.03 inclusive of 20% contingencies and VAT.
172	Extension Of Services Of Nationwide Security And Umsimbithi Security Services.		Nationwide Security and Umsimbithi Security Services	1 April 2010	Municipal Manager's resolution 1351 dated 18 January 2010 approved a deviation from the provisions of the Municipal Supply Chain Management Policy to extend the contract for contracted security services (Contract Enquiry 45/5) with the current service providers, Nationwide Security and Umsimbithi Security Services until 31

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					March 2010 until all administrative issues hampering the commencement of the contract were complete. Furthermore, a complaint lodged about the contract process is currently under investigation by Internal Audit. This report has not been completed within the timeframe provided and a further extension of the contract with the current service providers until 30 April 2010 is therefore required.
173	Purchase Of Works Of Art : Authorisation Of Expenditure By George Coutouvidis From Jeanne Wright.	R6 000.00	Jeanne Wright	1 April 2010	With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted report to the Acting Municipal Manager for approval of payment of a work of art to be purchased and due to the fact

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					that artistic pieces are unique and have individual merit it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
174	Cleaning Of North End Lake Using Micro Organism.	R1 001 824.14, inclusive of VAT	EMgro Natrology (Pty) Limited	29 March 2010	The water quality of North End Lake is poor mainly due to high levels of faecal contamination which, when tested, indicates levels far exceeding safe standards for recreation. The pollution is entering the lake through several storm water outfalls as a result of illegal sewer connections in the storm water system and Wastewater Conveyance Division is addressing this at present. The water has been positively tested to be both Eutrophic and Anthropogenic and poses a great threat to human health and life. High levels of e-coli are also present. Apart from the human safety threat, the

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					stench omitted from the lake when the wind blows from the direction of the lake is intolerable for players and spectators at the NMB stadium. In order to restore the natural balance of the lake it was recommended that it be treated with EMgro SAEM Microbial Technology which are “good” microbes which will effectively out-compete problem bacteria, speed up the improvement of the water quality in the lake and to ensure long term health, a sub-surface aeration system should be installed. As EMgro Natrology (Pty) Limited is the sole supplier and manufacturer of this technology a deviation from the Municipal Supply Chain Management Policy was approved to appoint the service provider.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					The cleaning of the North End Lake was urgent so that the water quality could be in a reasonable state at the time of the World Cup.
175	Provision Of Transport For Bay United Supporters On 23 January 2010.	R24 300	FNQ Bus Services	22 January 2010	Having considered the reasons set out in the report by the Economic Development and Recreational Services Directorate in respect of the above, it was **RESOLVED:** That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of FNQ Bus Services, the only service provider available at the time, to provide transport for Bay United supporters to a soccer match at NMMU Stadium on 23 January 2010 at a cost of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					R24 300.
176	Algoa Bus Company For Transportation Of Workers To And From Municipal Depots.	R5 179 893.44	Algoa Bus Company	7 January 2010	Given the reasons advanced by the Executive Director : Infrastructure and Engineering in his report and particularly the need to rectify the irregular expenditure on bus transport since 2001 and to procure the most cost effective solution in the interim, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of Section 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That approval be granted to pay the irregular expenditure in the amount of

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					R5 179 893.44 set out in Annexure "A" of the Directorate's report since the expiration of the contract with Algoa Bus Company on 31 December 2001. (c) That the services of the Algoa Bus Company be procured on a month-to-month basis, on the same terms and conditions as the previous contract, pending the finalization of the procurement of a new service provider.
177	Expenditure In Respect Of Prayer Service For Rain : 18 March 2010 : Nangoza Jebe Hall.	R36 210.00	Algoa Bus Company	24 March 2010	The Office of the Speaker through the Religious Unit is hosting a Prayer Service for Rain on Thursday, 18 March 2010 at the Nangoza Jebe Hall and approximately three thousand men and women of faith are expected to attend.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					The prayer service for rain is as a result of the severe drought currently facing the Nelson Mandela Bay region. Given the difficulty in the finalization of a suitable date for this occasion which has resulted in time constraints that has made it impossible to follow formal tender procedures, a deviation from the provisions of the Municipal Supply Chain Management Policy was approved by the Office of the Speaker to arrange bus transport.
178	Purchase Of Artworks.	R308 833.98	Steven Cohen	23 April 2010	With regards to the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Art Museum management under the Economic Development and

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Recreational Services Directorate submitted a report to the Municipal Manager for approval of payment of works of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
179	Purchase Of Artworks.	R680.00	Y Long	23 April 2010	With regards to the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Art Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Municipal Manager for approval of payment of works of art to be purchased and due to the fact that artistic pieces are unique and have

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy. Accordingly, it was **RESOLVED:** That, having regard to the Municipal Manager's resolution of 31 October 2008, a departure in terms of paragraph 36(1)(a)(iii) be hereby authorised for the purchase of artworks with details of the artist description and cost , as follows: 1 * Dance Skirt Injinjela to the total amount of R680.00.
180	Mayoral Cup Challenge.	R1 400 000.00		12 April 2010	In celebrating the 100 days of the Executive Mayor, the Economic Development and Recreational Services Directorate together with the Office of the Executive Mayor resolved to engage three sporting codes to compete for the Mayoral Cup challenge

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					which consists of rugby, netball and soccer. The launch took place on 20 March 2010 at Adcock Stadium. **RESOLVED:** That the Executive Director : Economic Development and Recreational Services be authorized to deviate from normal tendering processes for the acquisition of goods and services for the Mayoral Cup challenge in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and to appoint service providers which are not catered for under annual contracts in the total amount of R1 400 000.00.
181	Executive Directors And Directors : Payment Of Mpekweni : 18 to 19 March 2010.	R122 352.00	Mpekweni Beach Resort	4 May 2010	A Mini Retreat for Executive Directors and Directors was arranged for 18 and 19 March 2010 at the Mpekweni Resort.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					The objectives of the retreat are detailed in the report of the Director IDP. Due to short notice it was not possible to follow formal tender procedures and quotations from suitable venues were obtained. Mpekweni Resort was subsequently selected as the most advantageous venue. In order to pay for the venue hire, a deviation from the provisions of the Municipal Supply Chain Management Policy was accordingly approved.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
182	Utilisation Of Service Providers To Collect, Transport And Dispose Of Waste And Related Waste Management Services During The Recent Strike Action.		Various service providers	30 April 2010	The ability of the Waste Management Sub-Directorate of the Public Health Directorate to perform waste management functions was eliminated during the recent strike and in order to render critical waste management functions in the areas that were most affected by the strike action, i.e. the beachfront, central business district and the route set out for the Ironman event, service providers had to be procured as a matter of urgency to perform the various essential waste management services. The aforementioned areas were not only an eyesore but if they were not cleaned could have become a health hazard and the participants of the Ironman event were at risk. In view of the above, it was **RESOLVED:** That due to the urgent need

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					to perform essential waste management services in the areas most affected by the recent strike action, authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof to procure service providers to perform the waste management functions.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
183	Emergency Call-Out to Alliance Plumbers to attend to water flooding offices: Disaster Management Centre, South End Fire Station.	R10 931.19 (VAT inclusive)	Alliance Plumbers	5 May 2010	Having considered the report by the Disaster Management Sub-Directorate to the Adjudication Committee meeting held on 22 February 2010, the recommendation by the Committee and having received confirmation that a legitimate quorum was present when this item was evaluated, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(i) thereof. (b) That payment be made to Alliance Plumbers for the cost of the emergency work carried out on the broken stopcock in the One x Two Thousand litre water tank and the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					relaying of the water supply pipe to the pressure geyser in the ceiling above the Disaster Management offices located at the South End Fire Station, to the amount of R10 913.19 (VAT included).
184	Procurement and erection of the 2010 FIFA World Cup Legacy Icon at the intersection of Marine Drive and Walmer Boulevard.	R2 000 000.00	Omega Civils	28 April 2010	One of the 2010 FIFA World Cup legacy icons was to be erected at the corner of Walmer Boulevard and Marine Drive. The site is leased to the South End Museum and currently being developed by the museum at its own cost. It was agreed to incorporate the icon (1 800 mm diameter, solid granite soccer ball) to improve visual impact thereof. The time for delivery was between 4 to 6 weeks. Following the normal Municipal Procurement Process would delay the establishment of this legacy

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					icon as the item will have to be advertised for a specific period and go through the evaluation and adjudication processes. In order to bypass the tender process, authority was requested to deviate from the provisions of the Municipal Supply Chain Management Policy. **RESOLVED:** That in order to ensure that the legacy icon, as proposed at the Mayoral meeting of 3 March 2010, was established before the 2010 FIFA World Cup and to promote the Economic entity's awareness campaign, authority was granted to the 2010 Directorate to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Policy, to procure the granite legacy icon ball through Omega Civils, the current contractor on site at the location of Walmer Boulevard and Marine Drive to the value of R2 million.
185	Further Extension of validity period of contracts: Waste Management co-operatives: Contract enquiry Nos. 177-7, 177-8 and 177-9: Tri-Annual tender for the Collection, Transport and Disposal of waste.		• Ntinga Ntaka Ndini Co-operatives • Missionvale and Kleinskool Cleansing Co-operatives • Masiphuhle Cleansing Co-operatives.	30 April 2010	As per Municipal Manager's Resolution No. 1520 dated 29 December 2009, the decision of the Adjudication Committee dated 26 November 2009 to appoint contractors for the award of CE 177-7, CE 177-8 and CE 177-9 was put on hold pending finalisation of the investigation into objections received by the Acting Municipal Manager, on the tender process. As a result thereof, the provisions of the Municipal Supply Chain Management Policy were departed from, in terms of paragraph 36(1)(a)(v) thereof, to avoid the need for tenders in order to re-appoint Ntinga Ntaka Ndini Co-operatives

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					(Motherwell); Missionvale and Kleinskool Cleansing Co-operatives(Missionvale, Kleinskool, and Kliprand) and Masiphuhle Cleansing Co-operatives (Kuyga), on the same terms and conditions as per their previous contracts for the provision of these services, until 28 February 2010. As the investigation was not finalised at that date, the above-mentioned co-operatives were re-appointed until 30 April 2010 (as per Municipal Manager's Resolution 1548 dated 26 February 2010). The investigation on the objections received was conducted by the Internal Audit and Risk Management Sub-Directorate and the outcome thereof has subsequently been conveyed to the Acting Municipal Manager. In order to allow the Acting Municipal Manager

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					time to consider the report and to advise the Executive Director: Public Health of his findings and decision, it was **RESOLVED:** That the Supply Chain Management Policy be departed from, in terms of paragraph 36(1)(a)(v) thereof, to avoid the need for tenders in order to re-appoint Ntinga Ntaka Ndini Co-operatives, Missionvale and Kleinskool Cleansing Co-operatives and Masiphuhle Cleansing Co-operatives, on the same terms and conditions as per their previous contracts for the provision of these services, until no later than 30 June 2010.
186	Performance by Local and National Artists at Provincial Gala Dinner for the raising of funds for Haiti on 26 April 2010, as part of Freedom Day Celebration build up programme.	Approximately R90 800	Various service providers	30 April 2010.	In collaboration with the Department of Sport, Recreation and Culture, the NMBM hosted the Provincial Freedom Day Celebrations.

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					As a build up towards the Freedom Day Celebrations on 27 April 2010, a Provincial Gala Dinner was held at the Nangoza Jebe Hall and the funds raised are in aid of the Haiti Disaster. The Department of Sport, Recreation and Culture approached the Recreation and Culture Sub-Directorate at very short notice to provide entertainment at the Gala Dinner. The services of two national artists, Phinda Mtya and Feya Faku were procured and they were also responsible for the mentoring of the local artists, an All Star Big Band, who were appointed by the NMBM to perform at the event. The NMBM was responsible for the payment of the artists' fees (international and local), the costs of the rehearsal venue, equipment, transport, the fee of the music collaborator and rehearsal

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					costs. Given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, a deviation from the provisions of the Municipal Supply Chain Management Policy was hereby authorised and it was, **RESOLVED:** (a) That authority be granted In terms of paragraph 36(1)(a)(v)of the Municipal Supply Chain Management Policy, to pay the costs of the two international and local artists who performed at the Provincial Gala Dinner on 26 April 2010. (b) That, due to the short notice given by the Department of Sport,

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					Recreation and Culture to the Recreation and Culture Sub-Directorate to provide the entertainment at the Gala Dinner, authority was granted in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy, to pay for the rehearsal venue, equipment, transport, the fee of the music collaborator and rehearsals utilised by the international and local artists for their performance.
187	Imaging and Analysing of Computer Equipment of a suspended employee in the Supply Chain Management Sub-Directorate.	R15 048.00	Price Waterhouse Coopers	16 April 2010	On 28 February 2010 the Acting Municipal Manager authorised the suspension of an employee in the Supply Chain Management Sub-Directorate due to alleged illegal activities. As it was suspected the she may have created and stored information of such activities

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					on the hard drives of the computer equipment used by her, it was important to image and analyse the equipment immediately. As Price Waterhouse Coopers (PWC) was the only local company able to image the equipment immediately, a deviation from the Supply Chain Management processes was requested to appoint the company. **RESOLVED:** That the Director: Internal Audit and Risk Assurance be authorised to appoint a service provider to image and analyse the computer equipment of the suspended employee in the Supply Chain Management Sub-Directorate and that the provisions of the Municipal Supply Chain Management Policy be departed from, in terms of paragraph 36(1)(a)(v) thereof,

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					to appoint Price Waterhouse Coopers, at a cost of R15 048.00.
188	Mayoral Cup challenge Final.	R1 235 880.00. R100 000.00	Various service providers SAFA Nelson Mandela Bay.	3 May 2010	The official launch of the Nelson Mandela Bay Mayoral Cup Challenge (NMBMCC) was held on Saturday, 20 March 2010 with three sporting codes, namely, Soccer, Netball and Rugby, playing inter-club matches to take home the title "Nelson Mandela Bay Mayoral Cup Champions". The final games will be played on Saturday, 8 May 2010 at the Adcock Stadium. The Economic Development and Recreational Services Directorate's planned procurement processes, for the procurement of goods and services for the Mayoral Cup Challenge finals were thwarted due to the recent industrial strike action and the Directorate has no other option, but to apply for deviation from the Municipal

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					Supply Chain management Policy to obtain such goods and services to the amount of R1 235 880.00. The soccer equipment is, however, not included, as SAFA Nelson Mandela Bay has purchased the soccer gear in the amount of R100 000.00. In view of the above, it was **RESOLVED:** (a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v)thereof, for the acquisition of goods and services for the finals of the Mayoral Cup Challenge, to be held on 8 May 2010, in the amount of R1 235 880.00, as detailed in the report

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					by the Economic development And Recreational Services. (b) That the Economic Development and Recreational Services Directorate be authorised to utilise preferred quotes received to pay for goods and services received and/or tendered that are catered for under annual contracts. (c) That the Economic Development and Recreational Services Directorate be authorised to reimburse the SAFA Nelson Mandela Bay the Amount of R100 000.00 for the expenditure incurred on the Mayoral Cup Project as detailed in the Economic Development and Recreational Services report.
189	Establishment and Operation of Fan Mile for 2010 FIFA World Cup.	R12 500 000.00	Various service providers	23 April 2010	In terms of the Host Cities Agreement, all FIFA World

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		R300 000.00	Nelson Mandela Bay Tourism		Cup host cities are required to establish FIFA Fan Fests for football fans not attending stadium world cup games. Nelson Mandela Bay has chosen St Georges Sahara Oval Cricket Stadium as a venue to base its official Fan Fest between 11 June and 11 July 2010. Host Cities are also expected to showcase themselves by exposing their Arts and Culture Heritage to the global community through television coverage. The World Cup 2010 Directorate will pay for the hiring of venues, stage, event management fees, waste management, security, electricity, stalls, artists, branding, advertising, transportation, training and development programmes and legacy programmes. In order to do so, authority was requested to deviate from the provisions of the

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					Municipal Supply Chain Management Policy. During the above-mentioned programme, the services of Nelson Mandela Bay Tourism were required to render promotional and tourism services at a cost not exceeding R300 000.00, in respect of which authority was requested to deviate from the provisions of the Municipal Supply Chain Management Policy. **RESOLVED:** (a) In order for the 2010 World Cup Directorate to implement the establishment of the Fan Mile for the duration of the World Cup, authority hereby granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy paragraph 36(1)(a)(v) , to

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					pay for the establishment of the Fan Mile at a cost not exceeding R12 500 000.00. (b) In order to obtain services of Nelson Mandela Bay Tourism to render promotional and tourism services, authority be hereby granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, paragraph 36(1)(a)(v) to pay for their services in an amount not exceeding R300 000.00.
190	Office Accommodation for Strategic Adviser, Office of the Executive Mayor.	2010-2011 : R10260.00 2011-2012 : R11 286.00 2012-2013 : R12 414.60.	Africorp International Properties.	7 April 2010	As there is no suitable office accommodation in Municipal buildings in close proximity of the City Hall for the Executive Mayor's newly appointed strategic adviser, the landlord of Kwantu Towers (Africorp International Properties) was approached

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					and he has offered to renovate space on the Ground Floor that will be suitable for utilisation as office accommodation. As there are already other Municipal Directorates situated in Kwantu Towers and accommodation of the strategic adviser in that building is the only viable solution due to its close proximity to the City Hall, it would be impractical to follow Supply Chain Management procedures and it was , therefore, **RESOLVED:** (a) That, as there is no office accommodation in Municipal buildings in close proximity of the City Hall available for the Executive Mayor's strategic adviser, authority be granted to deviate from the

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					provisions of the Municipal Supply chain Management Policy, in terms of paragraph 3691)(a)(v) thereof, to rent office space for him at Kwantu Towers. (b) That a three year lease agreement be entered into between Africorp International Properties at a cost of R90 per square metre as detailed in the draft agreement in respect of office accommodation at Kwantu Towers. Cost (excluding VAT) per month: 2010-2011 : R10260.00 2011-2012 : R11 286.00 2012-2013 : R12 414.60.
191	Increase In Contract Value: Contract 2300: Contract amount of Implementation Of Human Resources Information System.	R16 000 000 be increased by a further amount of R6 000 000 (excluding VAT)	Baraka IT Solutions t/a Baraka Enterprise Consulting	4 May 2010	For the successful completion of Contract 2300 – Implementation of the Human Resources Information System – awarded to Baraka IT Solutions t/a Baraka

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					Enterprise Consulting, the initial approved contract amount of R16 000 000 needs to be increased by R6 000 000 (excluding VAT) to cover the SAP quality review, the training for super-users and to support the system upon Going-Live. This amount further includes the retrospective payments of the implementing partner for services rendered as a result of work done due to the crash caused by a power outage and the finalization of further technical requirements.
192	Provision Of Mobile Voice And Data Services	a month-to-month basis	Vodacom Service Provider and MTN Service Provider	13 April 2010	Having considered the report by the Directorate : Corporate Services to the Adjudication Committee meeting held on 7 April 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be

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					granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That the existing contracts of Vodacom Service Provider and MTN Service Provider, under Contract Enquiry 2137 : Provision of mobile voice and data services, be retrospectively extended on the same terms and conditions, on a month-to-month basis with effect from 1 February 2010 and not exceeding 30 June 2010.
193	NMBM 2010 Festival At Dan Qeqe Stadium, Zwide : 30 May 2010.	R2 500 000.00	Go Big Events and various service providers	27 May 2010	In order to promote the 2010 Tournament in respect of PR and visibility programmes in

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					the Metro's clusters and wards, an NMBM 2010 Festival was arranged at Dan Qeqe Stadium, Zwide on 30 May 2010. The 2010 FIFA World Cup Directorate was granted has applied for a deviation from the provisions of the Municipal Supply Chain Management Policy in order to appoint Go Big Events as organisers of the event, the contracted organisers of the NMBM's Summer Season programme, who has the necessary expertise to organize an event of such magnitude at short notice, and various other service providers for side events, as detailed in the report by the Directorate.
194	Approval Of The Appointment Of Service Providers For Cluster Workshops.	R209 780.00	Various service providers	18 May 2010	A decision to hold Cluster Workshops emanated from the ward priorities raised during the recent IDP and Budget Public Hearings held in different wards in the Metro during the period 6 April to 12

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					May 2010. The workshops for Govan Mbeki and Champion Galela Clusters were held during the period 14 and 15 May 2010. The remainder of the cluster workshops will continue at the end of June 2010, dates to be confirmed. Due to time constraints, a deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied to authorise payment of the service providers for the two cluster workshops already held. (Constituency Services became aware of the workshops on 12 May 2010). In view of the above, it was **RESOLVED:** (a) That the provisions of

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					the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to authorise payment of the service providers utilised during the two cluster workshops held on 14 and 15 May 2010 in the total amount of R209 780.00. (b) That the Director : Constituency Services be authorised to utilise the preferred quotes received to pay for goods and services received and/or rendered by service providers for bus transport and loud-hailing that are not catered for under annual contracts, details of which are set out in the report by

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					the Director : Constituency Services.
195	Contract CE2534 : Extension Of Scope Of Work And Increase Of Contract Value Of Zosa Street Housing Project, Korsten.	Contracted amount increased by R1 701 222.20 from R3 580 968.00 to R4 994 169.00 all inclusive of VAT.	SJW Civils CC	12 May 2010	The recommendations of the Adjudication Committee of 23 July 2009 in respect of the Zosa Street Housing Project was approved by the Acting Municipal Manager on 4 September 2009 (Municipal Manager's Resolution 1410). However, in order to increase the approved contract value to allow for contract escalation and the demolition and clearing of existing structures to be undertaken under the existing contract with SJW Civils CC for the construction of subsidy housing in Zosa Street, a deviation from the Municipal Supply Chain Management Policy was applied for. Having considered the reasons therefore as set out in the report by the Executive Director : Human

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					Settlements, it was **RESOLVED:** (a) That the invitation of tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy. (b) That the scope of Contract CE2534: Zosa Street Housing Project, Korsten, awarded to SJW Civils CC be extended to allow for contract escalation, purchase of additional converted containers for temporary accommodation and additional work to be undertaken under the existing contract comprising demolition, site clearance and

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					installation of water and sewer services, as detailed in the Directorate's report at a cost of R1 701 222.00, inclusive of VAT. (c) That the overall value of Contract CE2534 Zosa Street Housing Project be increased by R1 701 222.20 from R3 580 968.00 to R4 994 169.00 all inclusive of VAT.
196	Lease Of Greenwood Primary School to NMBM As A Temporary Safety And Security Command Centre For Use During The 2010 FIFA World Cup SA.	R110 000.00 VAT included	Greenwood Primary School	12 May 2010	Adequate facilities to accommodate the Host City Safety and Security representatives, Law Enforcement Officers and other emergency services in one area within the immediate surrounds of the Fan Park are restricted due to a lack of available space. The only available area that can be converted without major

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					structural changes to serve as a temporary Venue Operations Centre (VOC) was Greenwood Primary School and a deviation of the Municipal Supply Chain Management Policy was therefore applied for to lease portions of the school during the 2010 FIFA World Cup SA. Having considered the reasons therefore, as set out in the report by the Acting Executive Director : Safety and Security, it was **RESOLVED:** That due to lack of available space to accommodate the Host City Safety and Security representatives, Law Enforcement Officers and other emergency services in the immediate surrounds of the Fan Park and as Greenwood Primary School is ideally situated to serve as a

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					temporary Venue Operations Centre (VOC), authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to enter into a lease agreement with Greenwood Primary School for the provision of facilities to accommodate a temporary Command Centre for NMBM from 24 May to 16 July 2010 for use during the 2010 FIFA World Cup SA, at a once-off cost of R110 000.00 VAT included.
197	Procurement Of Multi-Purpose Safety And Security Reflective Jackets For Use During The 2010 FIFA World Cup SA.	R624 000.00 VAT included.	African Renaissance	12 May 2010	In terms of the Security Plan for the 2010 FIFA World Cup SA, the Safety and Security Directorate is a major role player in all events, specifically in NMBM, as a Host City. Clear identification and high visibility of the different role players during day and night time operations is essential. The purchase of

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					standardized reflective jackets was therefore essential to clearly identify the Safety and Security officials. After comprehensive market research by the Safety and Security Directorate, a suitable multi-purpose jacket for use during cold winter evenings and mornings and in warm weather, by detaching the inner of the jacket in the latter instance, has been identified. African Renaissance is the only service provider that offers a sample type reflective all weather jacket as envisaged by Safety and Security. Other service providers approached can only offer a bib type light weight breathable material jacket that does not include provision for cold weather conditions. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied for to

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					purchase the reflective jackets from the only service provider who comply with the specifications of the Safety and Security Directorate, i.e. African Renaissance. For the reasons set out above as more fully detailed in the report by the Safety and Security Directorate, it was **RESOLVED:** That as African Renaissance was the only service provider that complied with the specifications of the Safety and Security Directorate for multi-purpose all weather reflective jackets for use during the 2010 FIFA World Cup SA, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to purchase 1 200 jackets from

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					the service provider at a once-off cost of not more than R624 000.00 VAT included.
198	2010 FIFA World Cup Host City Display Area During World Cup Period : 11 June To 12 July 2010.	R2 500 000.00	Inkanyezi Events and other service providers	27 May 2010	As part of the NMBM's obligation as a Host City, the 2010 FIFA World Cup Directorate had a Host City Commercial Display at the Nelson Mandela Bay Stadium for the eight match days to provide an interactive and engaging display of products, brands or services to make the entire area attractive for ticket holders. Host cities are responsible for the creation, production, installation, management and removal of the Commercial Display Area. The areas will be open to ticket holders on all match days. Various items, as detailed in the report by the Directorate, have to be provided by Host Cities. Regarding the requirements and specifications of a display stand, the services of an

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					external provider was required as the Directorate does not have sufficient internal resources to perform the task. As Inkanyezi Events has an existing contract with Economic Development and Recreational Services for their Trade and Investment Exhibition and has designed a stand/structure that can be modified to meet the requirements of the Host City Commercial Display as specified, a deviation from the provisions of the Municipal Supply Chain Management Policy was applied for to engage the services of this service provider and various other service providers for the provision of other goods and services. In view of the above, as more fully detailed in the report by the 2010 FIFA World Cup Directorate, it was

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					RESOLVED: That in order to promote the 2010 Tournament in respect of the Host City Commercial Display Area at the NMBM Stadium for the period 11 June to 12 July 2010, authority be granted to deviate from paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of Inkanyezi Events and other service providers for the Host City Commercial Display at the Nelson Mandela Bay Stadium for the duration of the period in an amount not exceeding R2 500 000.00.
199	Contract CE2749 : Daily Hire And Operation Of Mini Buses On Dedicated Routes For The Duration Of The 2010 FIFA World Cup.	Contract estimated at R19 638 659 including 14% VAT and 20% contingencies	Laph'umilanga Transport Services Secondary Cooperative Limited	27 May 2010	The provision of additional public transport for the 2010 FIFA World Cup is a requirement of the Host City Agreement. In terms of the Transport Operation Plan,

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					approximately 168 minibuses are required to meet the demand on the intended routes. Authority was therefore requested by the Infrastructure and Engineering Directorate to deviate from the provisions of the Municipal Supply Chain Management Policy to contract Laph'umilanga Transport Services Secondary Cooperative Limited to operate approximately 165 minibuses for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup. Having considered the above as more fully detailed in the report by the Infrastructure and Engineering Directorate, it was **RESOLVED:** (a) That authority be granted to deviate

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					from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Laph'umilanga Transport Services Secondary Cooperative Limited be contracted to provide the required services for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA world Cup. (c) That the Executive Director : Infrastructure and Engineering be authorized to finalise negotiations with the Laph'umilanga Transport Services Secondary Cooperative Limited in order to finalise the financial compensation

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					for the provision of the public transport services (currently estimated at R19 638 659 including 14% VAT and 20% contingencies).
200	Procurement Of Furniture : Water Services Operations Centre : Infrastructure And Engineering Directorate.	R108 441.35 including VAT	Work Station Office Furniture	25 May 2010	Due to the current drought situation a 24 hour, seven day a week, Operations Centre will be established at the Infrastructure and Engineering Directorate with effect from 1 June 2010 to receive complaints on water and sanitation related matters. The Operations Centre will also assist the NMBM to render an increased level of service during the World Cup and beyond. The process of procuring furniture for the Centre was delayed during the municipal strike. As there was no access to Purchasing and Supplies during a two-week period, procurement procedures could not be followed. In terms of paragraph 12(1)(c) of

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					the Municipal Supply Chain Management Policy, quotations were called for an the quotation from Work Station Office Furniture in the amount of R108 441.35 including VAT complies with procurement procedures and was acceptable to the Directorate. Having considered the above as more fully detailed in the report by the Infrastructure and Engineering Directorate, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That the quotation of

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					Work Station Office Furniture (Ref. Qu35049) in the amount of R108 441.35, including VAT, for the supply and delivery of office furniture for the Water Services Operations Centre, be accepted.
201	Transport Assistance to Polokwane : City Lads Football Club.	R54 000	M N Qwabe Transport	25 May 2010	The City Lads Football Club applied to the Nelson Mandela Bay Municipality for transport assistance to enable the team to participate in the National Championships held from 17 to 23 May 2010 in Limpopo. Through the annual contract of Corporate Services with Connex Travel, quotations were obtained from bus transport companies. Of the four companies approached only one company was able to assist at a rental cost of R180 00. This quotation was,

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					however, rejected as it was too expensive. M N Qwabe Transport was subsequently approached by the Economic Development and Recreational Services' Directorate and this company was able to assist at a cost of R54 000. Its quote was accepted as it was considerably lower than the other transport company approached for a quotation by Connex Travel. In view of the above, it was **RESOLVED:** That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to engage the services of M N Qwabe Transport at a cost of R54 000 to provide transport to the City Lads Football Club to Limpopo to

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					participate in the National Championships from 17 to 23 May 2010.
202	Contract CE2750 : Management And Operation Of 25 New Buses On Dedicated Routes For The Duration Of The 2010 FIFA World Cup.	Contract currently at R5 780 210.14, excluding 14% VAT and including 20% contingencies	Laph'umilanga Transport Services Secondary Cooperative Limited	27 May 2010	The provision of additional public transport services is a requirement of the Host City Agreement. In terms of the Transport Operation Plan, 24 articulated buses and 1 solo bus were required to meet the demand of the intended routes. Authority was therefore requested by the Infrastructure and Engineering Directorate to deviate from the provisions of the Municipal Supply Chain Management Policy to contract Laph'umilanga transport Services Secondary Cooperative (Pty) Limited to manage and operate 25 new economic entity owned buses for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup.

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					Having considered the above as more fully detailed in the report by the Infrastructure and Engineering Directorate, it was **RESOLVED:** (a) That authority be granted to deviate from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That Laph'umilanga Transport Services Secondary Cooperative Limited be contracted to operate the 25 new buses on dedicated routes for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(c) That the Executive Director : Infrastructure and Engineering be authorised to finalise negotiations with the Laph'umilanga Transport Services Secondary Cooperative Limited in order to finalise the financial compensation for the provision of the public transport services (currently at R5 780 210.14, excluding 14% VAT and including 20% contingencies). (d) That the required supporting documentation be provided before conclusion of the agreement.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
203	Provision of Transport Services For Mobility Impaired Spectators For The Duration Of The 2010 FIFA World Cup.	R2 118 348.00 including 14% VAT and 20% contingencies.	Association for the Physically Disabled	13 May 2010	The provision of ten specially adapted vehicles and a number of caregivers to provide transport services for mobility impaired persons during the 2010 FIFA World Cup from 7 June 2010 to 16 July 2010 is a requirement of FIFA. There was no other practical solution other than to make use of the services of the Association for the Physically Disabled (APD) as the provision of such service is highly specialized. An agreement between the NMBM and the APD has been prepared and is being finalized. In view of the aforementioned, as more fully detailed in the report by the Executive Director : Infrastructure and Engineering, it was

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					RESOLVED: (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That the Association for the Physically Disabled be contracted to provide and operate ten specially adapted vehicles to provide transport services for mobility impaired persons for the period from 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup to the estimated value of R2 118 348.00 including 14% VAT and 20%

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					contingencies.
204	Daily Hire And Operation Of Buses On Dedicated Routes For The Duration Of The 2010 FIFA World.	R11 273 102.00 including 0% VAT and 20% contingencies.	Algoa Bus Company (Pty) Limited	13 May 2010	The provision of additional public transport services is a requirement of the Host City Agreement and in terms of the Transport Operational Plan, approximately 49 buses were required to provide transport services for spectators and visitors during the World Cup. Special circumstances exist in which it would be impractical to follow normal procurement procedures and a deviation from the Municipal Supply Chain Management Policy was fully motivated in the report by the Executive Director : Infrastructure and Engineering in order to contract Algoa Bus Company to provide the buses for the duration of the 2010 FIFA World Cup from 11 June 2010 to 11 July 2010.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Having considered the above, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That Algoa Bus Company (Pty) Limited be contracted to provide transport services for spectators and visitors from 11 June 2010 to 11 July 2010 for the 2010 FIFA World Cup. (c) That the Executive Director : Infrastructure and Engineering be

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					authorized to finalise negotiations with the Algoa Bus Company in order to finalise the financial compensation for the provision of the public transport services (currently to the estimated value of R11 273 102.00 including 0% VAT and 20% contingencies.
205	2010 Call Centre : GijimaAST.	R300 000 (VAT inclusive)	GijimaAst	14 May 2010	GijimaAst is the current service provider of the telephone system used by Disaster Management. They also provide the Call Centre System currently used by the Fire Service Call Centre. Due to time constraints in setting up the new 2010 Call Centre, it was necessary to leverage on existing relationships with service providers that already provided the technology and systems required to get the system up and running in the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					shortest possible time. The required work will be an extension of the service GijimaAst currently provide and as the Call Centre was temporarily required, the best procurement option was the rental of the system for a period of three months at a cost of R11 000 per month per agent and the total number of agents should not be more than eleven including the supervisors. Having considered the above request as more fully detailed in the report by the Executive Director : 2010 FIFA World Cup South Africa, it was **RESOLVED:** (a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That the current services of GijimaAst in the Safety and Security Directorate be extended to provide and set up a new 2010 Call Centre for a period of three months at a rental of R11 000 per month per agent (a total number of eleven agents will be utilised) at a cost of R300 000 (VAT inclusive)
206	Workers Day Celebrations : 1 May 2010 And Memorial Lecture : 30 April 2010 At Feather Market Centre.	R785 000	Various service providers	14 May 2010	NMBM held a Workers' Day Rally on 1 May 2010 at Dan Qeqe Stadium and a Memorial Lecture at the Feather Market Centre on 30 April 2010 as part of the build-up event as set out in the report by the Director :

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Constituency Services. Due to time constraints to finalise the arrangements for the events, a deviation from the provisions of the Supply Chain Management Policy was applied for in order to engage service providers in respect of venue hire (R9 500), transport ((R179 000), loud-hailing (R70 000), sound and stage (R188 000), performance by ten local artists (R80 000), food packs and drinks (R18 000), tent hire (R65 000), audio visual and lighting (memorial lecture) (R55 000), three performance groups (memorial lecture) (R27 000) and décor (memorial lecture) (R53 000). (The provision for catering for R140 00 does not form part of this deviation request as there is an annual tender for this type of service.)

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That due to time constraints to finalise the arrangements for the Workers' Day Rally held at the Dan Qeqe Stadium on 1 May 2010 and a memorial lecture on 30 April 2010 at the Feather Market Centre, authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage service providers for these events, as detailed in the report by the Director : Constituency Services, in the approximate amount of R785 000.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That Constituency Services be authorized to utilise the preferred quotes received to pay for goods and services received and/or rendered that are not catered for under annual contracts.
207	Contract Enquiry 146 : Operation of the Arlington Waste Disposal Site.	month-to-month basis	GV Transport's (trading as Shweme Civils)	19 May 2010	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Section 36(i)(a)(v) thereof.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					(b) That GV Transport's (trading as Shweme Civils) contract be extended on a month-to-month basis from 1 May 2010 on the same terms and conditions as their previous appointment pending the finalisation of the tender process for the provision of these services but not later than 30 June 2010.
208	Approval Of Contract Agreement For The Community Radio Stations.	R45 000 per month, inclusive of VAT.	KQ FM, Bay FM and Kingfisher FM	19 May 2010	Having considered the report by the Director : Communications to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That a contract agreement be entered into with KQ FM, Bay FM and Kingfisher FM for weekly radio slots for a period of 3 years, in the amount of R45 000 per month, inclusive of VAT. (c) That the contract agreement includes the placement of ad hoc advertisements on specific events that fall outside the weekly radio slots.
209	Appointment Of Vula Energy (Pty) Limited On Part-Time Basis.	R252 806.40, inclusive of VAT.	Vula Energy (Pty)	25 May 2010	Having considered the report by the Chief Financial Officer to the Adjudication Committee

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					meeting held on 29 April 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Section 36(a)(a)(v) thereof. (b) That the Vula Energy (Pty) Limited be reappointed with effect from 1 May 2010 to assist with the daily running of the current billing system and data migration to the new Promis.net billing system on a part time basis for a maximum of 4 hours per day at a cost of R501.60 per hour, inclusive of VAT, on a month to month

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					basis not exceeding 6 months, at a total cost of approximately R252 806.40, inclusive of VAT.
210	Contract CE2772 : Collection, Transport, Disposal Of Waste And Related Waste Management Functions At The 2010 Stadium	R32 490.00 inclusive of VAT	Yanda Cleaning and Construction	22 May 2010	A deviation from the provisions of the Municipal Supply Chain Management was applied for in order to appoint contractors for the collection, transport and disposal of waste and related waste management functions at the Nelson Mandela Bay Stadium during the 2010 FIFA World Cup Soccer tournament. The tenders received have gone through the Bid Evaluation Committee and the Committee is in favour of the recommendations contained in this item.

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That CE2772: Collection, Transport, Disposal of Waste and Related Waste Management Functions at the Nelson Mandela Bay Stadium be awarded to Yanda Cleaning and Construction in the amount of R32 490.00 inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months thereafter. (b) That in conjunction with Supply Chain Management approval, the responsive tenderer with the second highest number of procurement points,

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					A S Pedro CC, be secured as the first back up in the amount of R31 743.30 inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months thereafter.
211	Contract Fms03/2006 : Fleet Management Monitoring Units For FIFA World Cup Public Transport Services.	R1 998 893.10, inclusive of VAT	Control Instruments (Eastern Cape) CC	27 May 2010	A contract secured by Infrastructure and Engineering (Fleet Management Services) by means of a competitive bidding process was awarded to Control Instruments (Eastern Cape) CC in July 2007 for the supply and installation of 1 500 units, monitoring of software and training and also for the licensing of the units for three years. A total of 253 vehicles have been contracted by the NMBM for the World Cup and in line with the existing

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					contract Control Instruments (Eastern Cape) CC is able to supply trackers during this period which will be removed after the World Cup and handed over to Fleet Management to use at its discretion for the monitoring of new and existing NMBM vehicles. Having considered this request, as more fully detailed in the report by Infrastructure and Engineering, it was **RESOLVED:** (a) That the invitation of tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy. (b) That as Control Instruments (Eastern Cape) CC is the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					current supplier of the monitoring units, an additional 253 units including installation and licence costs, in the amount of R1 998 893.10, inclusive of VAT, be purchased from Control Instruments (Eastern Cape) CC.
212	Approval Of Payment Of Service Providers For Loud-Hailing For The Freedom Day Celebrations : 27 April 2010.	R10 000 per service provider	Nine service providers	19 May 2010	In collaboration with the Provincial Department of Sport, Recreation, Arts and Culture, the NMBM hosted the Freedom Day Celebrations on 27 April 2010. The Constituency Service Directorate was responsible for the mobilization of some of the services to ensure the effectiveness of the programme. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore requested to

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					approve payment of service providers engaged by Constituency Services for loud-hailing and the distribution of flyers to top up on the loud-hailing services organized by the Provincial Government in order to ensure a successful programme through the spreading of the word to all metro citizens. Nine service providers were engaged at a cost of R10 000 each as detailed in the report by the Director: Constituency Services. **RESOLVED:** (a) That the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to approve the payment of nine service providers engaged by

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Constituency services for loud-hailing and the distribution of flyers for the Freedom Celebrations on 27 April 2010 at a cost of R10 000 per service provider. (b) That the Director : Constituency Services be authorized to utilize the preferred quotes received to pay for goods and services received and/or rendered by the service providers
213	Extension Of Contract 45/5 : Protection/Access Control/Escort Services.		Nationwide Security and Umsimbithi Security Services	30 April 2010	That authority be granted in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to authorise the current service providers, Nationwide Security and Umsimbithi Security Services, to continue with the provision of security services to NMBM from

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					1 May 2010 to 31 August 2010, as per the current terms and conditions of the contract, in order to allow time for administrative issues regarding the appointment of the new service providers to be finalised.
214	Purchasing Of Plants For 2010 Beautification	R765 894.41	Elands Wholesale Nursery	26 May 2010	In order to beautify Nelson Mandela Bay for the 2010 FIFA World Cup, the Public Health Directorate wishes to purchase plants to replace the large number of plants that are dying as a result of the drought. Plans are in place to implement a planting programme to cover all the areas that have been identified before the commencement of the World Cup. As Elands Wholesale Nursery is the only plant wholesaler in the region and can supply the required volume of plants at the lowest prices, a deviation from the provisions of the Municipal

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Supply Chain Management Policy was applied for in order to obtain the plants from the supplier at a cost of R765 894.41. Having considered the above request, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof. (b) That authority be granted to purchase plants at a cost of R765 894.41 from Elands Wholesale Nursery for the beautification of the Nelson Mandela Bay for the 2010 FIFA World Cup

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
215	Contract Pee3327 : Contract For The Management, Operation And Maintenance For Kwanobuhle Electricity Services.	R1 600 000.00, inclusive of VAT.	Intambanani (Pty) Limited	19 May 2010	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was **RESOLVED:** (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof. (b) That Intambanani (Pty) Limited, whose Contract PEE3327: Management, Operating and Maintenance for Kwanobuhle, expired on 31 March 2010, be re-appointed on a month-to-month basis with effect from 1 May 2010 to 31

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					October 2010 in the total estimated amount of R1 600 000.00, inclusive of VAT
216	Contract Enquiry 2773 : Collection, Transport, Disposal Of Waste And Related Waste Management Functions At The Beachfront Area.	R16 957.50 per week inclusive of VAT	Nontutuzelo J Services	27 May 2010	A deviation from the provisions of the Municipal Supply Chain Management is applied for in order to appoint contractors for the collection, transport and disposal of waste and related waste management functions at the beachfront area during the 2010 FIFA World Cup Soccer Tournament. Having considered the above as detailed in the attached report by the Public Health Directorate, it was **RESOLVED:** (a) That CE2773: Collection, Transport, Disposal of Waste and Related Waste Management Functions at the

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					beachfront area be awarded to Nontutuzelo J Services in the amount of R16 957.50 per week inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months thereafter. (b) That in conjunction with Supply Chain Management approval, the responsive tenderer with the second highest number of procurement points, Clifton Noah Trading CC, be secured as the first back up in the amount of R18 240.00 per week inclusive of VAT for a period commencing 12 June 2010 and not

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					exceeding a duration of two months thereafter. (c) That in conjunction with Supply Chain Management approval, the respective tenderer with the third highest number of procurement points, Lighton Enterprises be secured as the second back up in the amount of R22 104.60 per week inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months.
217	Purchase of soccer tops for councillors	R18964.91 inclusive of VAT	The Footballer & Sports	31 May 2009	Having considered the report by the previous Executive Mayor Maphazi to provide soccer tops for councillors in support of 2010 World Cup, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(i)(ii)(v) thereof, the listed supplier was only registered stockist of the South African soccer jersey. Order was placed before National Regulation.
218	Contact Enquiry C/E 138: Hire of road motor transport and specialist vehicles	R27249.75 inclusive of VAT	Teloc Waste Management CC	15 July 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 15 June 2009 and the recommendation of that Committee, it was

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					RESOLVED: (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.
219	Procurement of traditional dancers for special event, project ID 20050254	R6000.00 inclusive of VAT	Uphondo Iwe Afrika	13 May 2010	A deviation from the provisions of the Municipal Supply Chain Management was applied for in order for the procurement of Traditional Dancers and Artists for the Ironman SA Triathlon Event. Having considered the matter, Acting Municipal Manager **RESOLVED:** (a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Policy in terms of Section 36(1)(a)(v) thereof. (b) Competitive bidding do not apply to procurement of specialized services

Annexure “C3”

Financial Statements of Entity (Mandela Bay Development Agency)

Annexure “D”

Audit Committee Chairperson’s Report

NELSON MANDEL BAY METROPOLITAN MUNICIPALITY – ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee has adopted appropriate formal terms of reference and consists of four independent external members as listed hereunder three of whom are chartered accountants as follows:

- Mr G Zamisa (Chairperson -- resigned in March 2010)
  Professor D Rosenberg (Acting Chairperson - appointed Chairperson on 13 August 2010)
- Ms R Landman-Shaw
- Mr R Ortlieb (Appointed on 21 June 2010)
- Mr K Pather (Appointed on 21 June 2010)

DATES OF MEETINGS

During the financial year ended 30 June 2010 the following meetings were held:

30 September 2009
27 November 2009
26 March 2010
24 June 2010

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee reports that it complied, to the extent possible, with its terms of reference and the Auditor General has confirmed this fact.

OVERALL COMMENT

The Audit Committee is pleased to report that the municipality once again received a clean audit opinion under very difficult circumstances which is a credit to the resolve and tenacity of the Budget and Treasury directorate and to the assistance received by them from the Internal Audit department

We are however troubled by a number of challenges faced by the municipality:

1. Reputational risk--given the continual flow of negative publicity in the press concerning major incidents of fraud and corruption at the municipality, the suspension of employees for inordinate lengths of time sometimes under dubious circumstances and reports of political interference in the administration of the municipality ,we are concerned that the reputation of the municipality is being severely tarnished—In this connection we are also concerned that all this negative publicity is fuelling the flames of a potential rates boycott which we understand could take effect early next year

   Remedies for dealing with political interference and corruption can be found in the Prevention and Combating of Corrupt Activities Act and in the Municipal Finance Management Act as well as in the common law and we respectfully request the Metro to urgently deal with political interference and corruption both of which are inimical to good governance

2. Cash flow—the municipality faced severe cash flow difficulties in the third quarter of the new financial year - inadequate measures to monitor cash flow was the major reason why this crisis took the municipality by surprise - processes have now been put in place to deal with this problem although they still need to be further refined - also of major importance is the need for the municipality to ensure that

projects it plans to undertake are cash backed and that cash resources are used prudently and only for value added reasons

3. Water crisis—in our opinion water conservation is not been addressed as vigorously as it should be - the 2010 Auditor General's report states that 29.3% of the water resources of the municipality are being wasted - the directorate in charge water at the municipality seems to be approaching this major crisis in a dilatory fashion and this shortcoming needs to be addressed

4. The Metro has made very little progress with the introduction of an effective performance management system – given that the Auditor General is required to express an opinion on performance management in the 2010 /11 financial year we urge the Metro to give its attention to this matter

5. We are also concerned in connection with the poor level of internal control in some directorates particularly in the adjudication of tenders and in the supply chain management system and these shortcomings also need to be addressed expeditiously

CONCLUSION

We wish to take this opportunity for the outstanding co-operation we received from the internal audit department and from the Auditor General

Professor D Rosenberg
Chairperson

Annexure “E”

Response to the Audit Report of the Auditor-General

RESPONSE TO THE AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

INTRODUCTION

In accordance with the *Public Audit Act, No. 25 of 2004*, Council has to consider the audit report within one month after its first sitting after the audit report has been submitted by the Auditor-General.

Detailed below are the responses, with reference being made to the paragraph numbering in the audit report:

EMPHASIS OF MATTERS

Significant uncertainties

9. The comments are noted.

Fruitless and wasteful expenditure

10. The comments are noted. In accordance with the MFMA, instances of fruitless and wasteful expenditure are reported and investigated, and steps taken to recover or rectify such expenditure.

Irregular expenditure

11. The comments are noted. In accordance with the MFMA, instances of irregular expenditure are reported and investigated, and steps taken to recover or rectify such expenditure.

Material losses

12. The comments are noted. The municipality is implementing various strategies, such as fixing burst water pipes and water leakages, and rehabilitating and maintaining the relevant water infrastructure in order to curb water losses.

Financial sustainability

13. The comments are noted. The municipality is implementing various strategies to improve its financial position, such as aligning its operating and capital expenditure with the available revenues, enhancing its revenue base and improving its operational efficiency through the implementation of a number of cost saving measures.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Non-compliance with regulatory and reporting requirements

Inadequate content of Municipal Entity's Business Plan

18. The municipality, in conjunction with the MBDA, developed a performance scorecard during the 2009/10 financial year containing key performance areas, key performance indicators and targets. The performance scorecard has been implemented in the 2010/11 financial year. Furthermore, the entities 2009/10 annual report does reflect specific key performance indicators to make possible the measurement of the entities' performance for the 2009/10 financial year.

Internal auditing of performance measurements

19. The comments are noted. The Municipality has since co-sourced Ernest & Young to strengthen the capacity of Internal Audit. The required internal audits will be performed in a timely manner during the 2010/11 financial year.

Reasons for major variances between planned and actual reported targets were not supported by adequate and reliable corroborating evidence

20. The Municipality has introduced an analysis of performance information as part of quarterly performance reports. This analysis outlines inadequacies/inconsistencies with submitted performance information and is served at Management Team, Standing Committee and Mayoral Committee meetings. This measure is aimed at strengthening the oversight on the performance information thus eliminating instances of inadequate/unreliable corroborating evidence in relation to performance information.

Compliance with laws and regulations

The financial statements were not prepared in accordance with the applicable legislation

21. The necessary control measures have been instituted to obviate the need for material adjustments to the financial statements after submission for auditing purposes.

The accounting officer did not adhere to his statutory responsibilities

22. It is to be noted that the final 2010/11 service delivery and budget implementation plan (SDBIP) was approved and the annual performance agreements concluded, within the legislated timeframes.

    The necessary control measures have been instituted to ensure that the draft SDBIP and the drafts of the annual performance agreements are submitted to the Executive Mayor within 14 days of the approval of the 2011/12 Budget.

Monthly budget to actual reports were not submitted in a timely manner

23. The comments are noted. The required reports will be submitted in a timely manner during the 2010/11 financial year.

Fruitless and wasteful expenditure

24. The necessary control measures have been implemented to ensure timely future reporting of instances of fruitless and wasteful expenditure. The required recovery proceedings are being pursued.

INTERNAL CONTROL

26. The responses below relate to the significant internal control deficiencies:

    - **Leadership** – An action plan is being developed to address the internal control weaknesses identified in the 2009/10 Audit Management Report. The necessary control measures have been instituted to ensure that adequate and reliable documentary

evidence is maintained to support major variances between planned and actual reported performance.

- **Financial and performance management** – The necessary control measures have been instituted to obviate the need for material adjustments to the financial statements after submission for auditing purposes.

- **Governance** – Measures have been put in place to ensure timeous submission of quarterly performance reports to Internal Audit. Also refer to the above paragraph (financial and performance management).

The Municipality has strengthened its fraud prevention capacity through the appointment of an additional staff member. In addition, a number of initiatives are planned to increase awareness throughout the Municipality on anti-fraud and anti-corruption provisions available.

OTHER REPORTS

Investigations

27. The comments are noted.

28. The comments are noted.

29. The comments are noted.

30. The comments are noted.

Annexure “F”

Report on Entity (Mandela Bay Development Agency)

1. INTRODUCTION AND OVERVIEW

The MBDA is a Special Purpose Vehicle (**SPV**), economic development and urban transformation arm of its parent municipality the Nelson Mandela Bay Municipality (**NMBM**). Against this backdrop the MBDA works closely with the executive management team of the NMBM and other key stakeholders, such as the Port Elizabeth Regional Chamber of Commerce and Industry (**PERCCI**) and the National African Federated Chamber of Commerce (**NAFCOC**), and other public entities relevant to facilitate and support urban renewal and transformation through infrastructure projects and the delivery of services to ensure the biggest possible economic impact through the response of the private sector investment to public sector investment.

The projects and programmes implemented by the MBDA are therefore complimentary and in line with the Integrated Development Plan (**IDP**) of the NMBM and is a further deepening of the overall objectives of the IDP.

Although the Mandate Document, approved by the NMBM Council in 2003, serves as a basis for the urban renewal and transformation work of the MBDA, the key objectives of the MBDA has grown and proliferated over time within the Mandate Area and other mandates as approved by Council in December 2007. These key objectives are as follows:

- Promoting, facilitating and managing the basics of security, cleansing and regulatory compliance to strengthen public confidence;
- Implementing catalytic capital projects and testing it in urban places as a stimulus for development;
- Enabling the conservation management and showcasing of heritages in order to forge a unique identity for the place and its people;
- Marketing the area as a first-class choice destination to “live, work and play”;
- Managing the area for environmental sustainability;
- Facilitating social and economic opportunities in all projects and activities in order to contribute to economic inclusion and growth;
- Engaging effectively with stakeholders and partners in order to foster understanding, buy-in and share delivery of urban renewal;

Through the implementation of the above strategic objectives, the key rationale is to ensure a complete turnaround in respect of urban decay in the Mandate Area in other areas worked in, such as Uitenhage. Through the turnaround strategy economic growth is promoted through the response of private sector investment to the catalytic infrastructure projects and services initiated and implemented by the MBDA. Through these efforts the MBDA enhances decayed areas through the creation of sustainable urban places to contribute to the economic development of the City and the quality of life of all its residents.

The overall approach of the MBDA remains an approach “to get the basics right” before other layers of economic development takes place. It is continuously building strong relationships with the respective and relevant directorates in the NMBM, in particular Economic Development, Recreation and Culture, Budget and Treasury, Infrastructure and Engineering, Safety and Security and Corporate Services. Through these efforts, the MBDA is continuously recognised as a key urban renewal and transformation vehicle, though the services it can offer to the NMBM, particularly in the case of project management.

The selection of key services and catalytic infrastructure projects are against the backdrop of extensive market research based on the need of residents and it is only selected due to its strong economic impact. The MBDA has reached a point after six years of operating where it has created the required confidence to market and brand Nelson Mandela Bay as a city with strong, sustainable, urban places that is increasingly recognised locally, nationally and internationally. The MBDA follows a creative and innovative way of conceptualising and implementing and fulfil its role as a change agent, “thinking out of the box”, but at the same time respecting the municipal regulatory and compliance environment.

The MBDA have achieved significant success in the original Mandate Area, and this recipe has now also been implemented in areas such as Uitenhage, where urban renewal has also become a basis for private sector investment and urban transformation.

The approach of the MBDA endeavours to coordinate and manage public sector capital investment and other programmes in order to deliver a range of development projects and programmes aimed at not only achieving the IDP, but bringing the IDP down to an implementation level in order to create a higher level of Gross Domestic Product (**GDP**) and employment opportunities and in the process growing the pool of rates and taxes that can not only be spent in the areas in which the MBDA operates, but also allows for a bigger pool of rates and taxes to be spent in needy township areas.

The overall development and implementation involves mechanisms to ensure that development is implemented as planned. The MBDA believes “a good plan is plan that works and to achieve a plan that works, it must be implemented on budget, on time and within the acceptable quality standards”. In this regard, the MBDA may outsource specific project management functions with planning, engineering, architecture, quantity surveying and social profile emphasis, but it is an innovative and creative approach that

manages the output of consultants to the satisfaction of the strategic objectives of the MBDA.

The MBDA uses the “consulting model” approach i.e. employing using a small, experienced and skilled staffing that drives a large consulting base to the desired output and an environment with the MBDA’s objectives of delivering on time, on quality and on budget.

1.1 CONTEXT

The MBDA is a special purpose vehicle, created by the NMBM as its sole shareholder, to promote economic growth against the backdrop of the creation of sustainable urban places through services and capital investment. This effort is basically entrenched in the provision of services and the implementation of infrastructure projects that could be a catalyst for private sector downstream investment.

The MBDA believes that the provision of these services and the implementation of catalytic capital infrastructure projects will only be successful if it is eventually responded to by private sector investment that will instigate the economic multiplier impact. As services are increased and catalytic capital infrastructure projects implemented, the private sector is slowly responding to initiate the economic multiplier impact that makes the inner city a very different place compared to what it was five years ago.

The creation of sustainable urban places include the areas of the inner city of Port Elizabeth and Uitenhage that are either in decay or declining into decay, as well as other developing nodes that could be developed from its original industrial base to a more non-industrial base (retail, residential, office and tourism/leisure/entertainment).

These efforts could include areas such as the southern part of the port and the Eastern Province Rugby Union Stadium, which was originally used as a sporting venue, but will probably be demolished and the precinct developed into a mixed use development.

The MBDA’s engagement with Transnet and national departments of Public Enterprises, Economic Development and the National Planning Commission has resulted in decisions by Transnet to relocate the oil tank farm by 2014 and the manganese ore facility by 2017 to allow the possibility of the City extending into the southern part of the port which will then be used for non port activities. Although these are medium to long-term projects, the past five years has already resulted in relocation decisions and the process will

incrementally be taken forward for the City to eventually extend into the southern part of the port.

The MBDA works in close corporation with the relevant executive directors of the NMBM in the conceptualisation of projects, and the implementation thereof against the backdrop of urban renewal and transformation.

1.2 ACCOUNTABILITY

The MBDA received its mandate from its parent company, the NMBM, and is contractually accountable to the NMBM through a detailed service delivery agreement and it therefore needs to continuously work against the backdrop of key performance areas, using the NMBM systems of compliance and accountability.

1.3 WORKING WITH OTHER ENTITIES

The MBDA has a strong public participation profile which was particularly evident in the redevelopment of the Donkin Reserve. It involves key agencies at local, provincial and national level and stakeholders that are key participants in the implementation of the strategic objectives of the MBDA. As an agent of the NMBM, the MBDA interacts closely and regularly with the NMBM's directorates as well as other local entities such as PERCCI, NAFCOC, Nelson Mandela Bay Tourism (**NMBT**), Uitenhage Despatch Development Innitiative (**UDDI**), provincial agencies such as Eastern Cape Socio Economic Consultative Council (**ECSECC**), the Eastern Cape Development Corporation (**ECDC**), and nationally, through its cooperation with Transnet, the Department of Public Enterprises, the Department of Economic Development, the National Planning Commission, and institutions such as the Nelson Mandela Foundation, particularly in respect of development of the Freedom Walk.

Other key national stakeholders are the Industrial Development Corporation (**IDC**), one of the MBDA's funders, the Development Bank of Southern Africa (**DBSA**) as well as National Treasury.

1.4 THE BUSINESS MODEL UTILISED

The MBDA is a section 21 Company with an independent Board of Directors appointed by the NMBM. The Board of Directors bring a pool of experience to the table which *inter alia* includes financial, business, political, social and property development skills and experience.

The MBDA is not only about bricks and mortar, but is also implementing strategies and projects around the creative industry which comprises of heritage management, arts, music and film promotion initiatives and projects with a view to uplifting urban and social transformation. Furthermore social housing, women and youth involvement as key participants in such initiatives are also being pursued as part of the delivery outcome.

The key ingredients of the MBDA's approach are:

- "Getting the basics right", cleansing, security, the regulation of informal trading and the maintenance of its completed infrastructure projects.
- Research in the areas of retail, residential, office and tourism/leisure/entertainment, to ensure that the programmes and projects of the MBDA respond to market indicators.
- Identify dormant municipal properties that are not contributing to the pool of rates and taxes and that could be further developed either through an offering to the market place to be taken forward by developers, or to be renovated by the MBDA itself, selecting appropriate tenants and ensuring that these buildings once again "sweats" to the benefit of the NMBM and its residents.
- Identify key infrastructure projects, conceptualise and implement such projects according to market demand and with the sole purpose of being a catalyst for private sector investment and confidence amongst private sector investors and the public.
- Continuous profiling the City as "a place to be", particularly from a development point of view.

To test the outcome of the infrastructure projects implemented and the services provided, the MBDA has also developed an economic barometer which tests the impact of the projects through its contribution through GDP, employment, rates and taxes, measuring the stress levels and the impact of its services to ensure that it can be continuously proven that the impact of these services and projects are positive and results in a positive response from the private sector.

The MBDA's Vision is:

The establishment of World-class, well-managed, sustainable and vibrant urban places in Nelson Mandela Bay.

The MBDA's Mission is:

To revitalise and promote designated sustainable urban places, in partnership with the Nelson Mandela Bay Municipality and to the benefit of the whole community.

1.5 FOREWORD OF THE EXECUTIVE MAYOR

The 2009/10 financial year has proven that the MBDA, as the development arm of the NMBM, has the ability to deliver on infrastructure projects and the implementation of services, and its ability in keeping these projects within the expected levels of quality, budget and set timeframes has played a significant role in the urban transformation of Nelson Mandela Bay.

It is clear that the impact of the urban renewal projects is collectively making its impact and is now being seen a 'puzzle' of the respective projects and services that are coming together and that will continuously improve on the quality of life of the residents and the creation of sustainable urban places.

It is not only the residents of the inner areas of Port Elizabeth and Uitenhage that are benefiting from such projects, as the majority of people coming to these urban areas every day come from the townships and have therefore also had an impact on township dwellers.

The NMBM is extremely pleased with the professional approach of the MBDA and in the delivery of its projects as set out in its annual Business Plan. It is believed that these efforts will help to bring investment flows into a city that has not seen the desired levels of investment over the past twenty years. It is clear that the City is increasing its profile as an attractive destination for not only the everyday visitor, but also for tourists and potential investors.

It is the success of an organisation such as the MBDA that have contributed positively to the management of Nelson Mandela Bay and arresting the economic ills and ill balances of the past. The MBDA must be congratulated with its "out of the box" thinking and its innovative and creative approach to find solutions for problems.

The average resident of Nelson Mandela Bay and the ward councillors are beginning to see the benefits "place making" creating sustainable urban places for people to "live work and play". It is this "place making" that creates an attractive, conducive, working, living and playing environment for all the people of Nelson Mandela Bay.

It is clear that a municipality as an institution and the entities it creates, must build service delivery more and more around the four "I's", which are institutions, infrastructure, innovation and investment. It is this approach that makes the NMBM proud of the MBDA as it has clearly shown that striving towards the four "I's" is what ultimately develops an economy and growing it to the benefit of all the people. The MBDA as an institution has embarked on

the implementation of an organisation structure that fits it programmes, as well as the needs of the Municipality, and it is this approach that supports the Municipality's overall developmental vision, and improves on governance and accountability.

The MBDA has developed a purposeful institution that employs the right people who will create the right recipes to address specific problems in urban transformation. It now has an extended mandate and it is clear that its success recipe in the original mandate area is slowly beginning to work in other areas such as Uitenhage. It is further foreseen that the MBDA will be continuously tasked with the implementation of strategic projects that will become the pillars of economic growth in the Nelson Mandela Bay Metropole.

The Agency will in the future play a critical role in the NMBM's priorities in respect of:

- Increasing the GDP, employment opportunities in marginalised areas and ensuring through the response of the private sector investment, that the pool of rates and taxes are grown to increasingly implement key projects in township areas; and
- The upgrading of decaying areas in the CBD to become a catalyst for further private sector downstream investment.
- Social housing projects in the inner city

The Mayoral Committee is looking forward to the MBDA's continued valuable contribution and project management skills in promoting urban renewal and transformation in the CBD as well as in other emerging areas, as well as continuing to contribute to the economic growth of Nelson Mandela Bay.

The political leadership is pleased and proud of the contribution that the MBDA is making and hopes that this effort will not only be sustained in the future, but will be increased in the NMBM's effort in service delivery.

1.6 CHAIRPERSON'S REPORT

Serious questions over the future of the inner city of Port Elizabeth were characterised by a capital flight, lack of security and cleansing and an outflow of activity towards the peripheral areas of Port Elizabeth. Today, as this Annual Report reflects, I am proud to say that the MBDA has increasingly been successful in conceptualising, implementing and managing the significant turnaround in the fortunes of the inner city of Port Elizabeth. I am convinced that we have arrested the economic and social ills of the past and that we can move forward to an exponential growth in the fortunes of the City.

In essence, the MBDA is now reaching a period where projects are coming together and that the man in the street can see that the "puzzle" is beginning to make more sense, and giving the City the much acquired infrastructure and investor confidence. The ultimate success will be in the creation of inner city housing where people can truly live, work and play.

Over the past five years, the MBDA has filled a vacuum in respect of project management skills and has built reputable systems and processes. The MBDA has created trust, confidence and credibility which are the main pillars of its efforts in conceptualising, implementing and managing projects. It has established good governance and is meeting its development mandate with programmes and projects building on the existing strengths of the City whilst stimulating growth in sectors and regions where economic activity had been minimal.
Against the backdrop of its history over the past five years, these achievements are nothing short of extraordinary.

We are living in a world where it is easy to do nothing and still be compliant in terms of the various statutory regulations. It is difficult though to be proactive against the backdrop of urgency in the conceptualisation, implementation and management of projects. I am proud to say that the MBDA has played an extremely pro-active role in its creative and innovative thinking, and still be able to follow municipal regulations and being able to secure consecutive unqualified audits report since its inception.

The MBDA's development of critical mass in terms of project management skills goes further, in that the MBDA is positioning itself as an Agency for urban transformation including the softer and abstract parts of our society, such as heritage, the environment, youth and women.

These successes, and the MBDA's now decidedly promising future, is entirely due to the dedication of the executive management and staff members within

the Agency. I continuously get the impression that each staff member is purposefully selected to fulfil a specific role and is proud of that role and delivering a service to the people of Nelson Mandela Bay. For this the Board thanks them.

This Annual Report also reflects the continuing challenges of the MBDA. It is enshrined in its core strategic goals, i.e. to increase its development impact while enhancing organisational efficiency and viability. It clearly strives to a level of extraordinary pro-activity without compromising on its regulatory requirements in terms of complying with supply chain management rules.

We have also learnt though that with success comes the unavoidable spotlight of public scrutiny and criticism. We are also learning to see an opportunity for self evaluation in the criticism and learning from our mistakes. It is clear that in taking the proactive role in the mistakes are being made and that continuous self assessment in a professional manner to improve our performance and effectiveness, whilst being responsible to those who have extended to us the privilege of being of service to the citizens of Nelson Mandela Bay is a continuous consideration. The Board of Directors has no doubt that the MBDA will continue to meet these challenges in a proactive, innovative, creative and passionate way.

1.7 CHIEF EXECUTIVE OFFICER'S REPORT

We are still in recessionary times and we are continuously confronted with uncertainties and problems around public owned entities. One thing we cannot hold back on though is our continuous need to change, understanding our market and customer and delivering a service that they require. The MBDA models itself on successful international development agencies, but has also adapted its mandate and projects to the needs of Nelson Mandela Bay.

It is now common cause that the MBDA has adapted certain aspects of other successful development agencies, but its key success lays in developing a home brewed plan for the City. After entering a vacuum in respect of urban renewal and transformation, at the end of 2004, the MBDA has now reached a critical mass to consolidate and build on its successes. Politicians and the public can now see that the "puzzle" is taking shape and is bearing fruit in the response from the private sector, even in recessionary times.

In essence, the MBDA took a giant leap towards a viable, effective project management house and support agency that focus on attracting new investment to the CBD and the wider Nelson Mandela Bay. The MBDA follows a business model that is based on key success factors of international development agencies, but has built its objectives and implementation plan on the demand and challenges of the city and its people. The Agency is moving steadily away from its previous role as only a promoter of urban renewal and transformation, towards becoming the hub for managing small and large infrastructure projects in Nelson Mandela Bay.

In the world of rapid change, which is also evident in the City of Port Elizabeth, as seen over the past five years, our strategic priorities are unyielding, to increase the development impact of our projects to build on internal structural and functional gains we have made for years, to address challenges of corporate financial viability and to enhance strategic and operational alliances, particularly with the private sector. The MBDA has embarked on various urban renewal projects and has diligently followed the vision set out in the original 5-year plan and in the formation of its second 5-year Strategic Plan.

The annual Business Plans of the MBDA is purpose driven and intended to be measured in terms of levels of success.

CHALLENGES

The main challenge of the MBDA still remains to secure the required capital funding from the NMBM and other sources. A further constraint exist in the constraints of the municipal legislation and the restraining impact it has on initiative, innovation and creativity. The key challenging areas for the MBDA still remains in maintaining a professional development approach, being extremely professional and purpose driven, and also comply with statutory regulations and compliance.

The MBDA follows a very strong management by objective approach and is also continuously involved in training its staff in the philosophy of urban renewal and the overall approach of getting things done within the constraints of limited funding.

A further challenge for the MBDA is to project itself as the development arm of the NMBM. It therefore follows the approach of being separate, but together, reducing bureaucracy, and increasing the levels of urgency without neglecting the relevant legislative compliance.

STRATEGIC DIRECTION

Over the past number of years it has increasingly become evident that the MBDA has established itself as a credible, trusted change agent in urban renewal and transformation. It has already built critical mass in terms of service delivery through services such as cleansing and security, as well as its infrastructure projects and is also recognised as a strong administrative and financial entity that has developed systems to deliver in implementation of the projects identified in its annual business plan and strategic plan.

The Agency is appreciative of the NMBM's financial support which has culminated in key projects such as the redevelopment of the Donkin Reserve and the environmental upgrade of Strand Street. These projects do not only have an innovative aesthetic component, but its main contribution lies in the promotion of functionality and the improved movement of people within the City.

The MBDA's core still remains "getting the basics right" and ensuring and urban renewal and transformation related capital investment is taking place to increase the potential for downstream private sector investment.

The MBDA is establishing itself not only as a project management house, but also as a change agent in terms of the attitude, work ethic and pride of its staff in its urban renewal efforts.

THE WAY FORWARD

What this challenging and changing environment demands from the MBDA is flexibility in its approach. The market place is ever changing and the MBDA is always directed to what the market needs are. In the year ahead the MBDA is looking forward to working with the NMBM and other key stakeholders in meeting the challenges of its overall objectives, as well as the IDP of the NMBM. It is clear that the mandate of the MBDA will continuously expand to include other strategic projects and the MBDA will continue to follow its successful recipe in other areas of Nelson Mandela Bay.

1.8 AUDIT COMMITTEE REPORT

We present our report for the year ended 30 June 2010.

Audit Committee members and attendance

The Audit Committee has adopted appropriate formal terms of reference and consists of two independent and external members as well as a Board director as follows:

KD Pather	-	Independent member and Chairperson
L Prince	-	Director (appointed on 23/03/2009)
S Nel	-	Independent member representing Industrial Development Corporation

The Audit Committee meets at least four times per annum as per its approved terms of reference, although additional special meetings with the Auditor General and the Internal Auditor were held as the need arose during the year under review.

The Internal Audit function has been outsourced to the parent municipality's internal audit department in line with relevant legislation. As the parent municipality internal audit did not have the capacity to perform the internal audit function, they have outsourced a large proportion of their work load to Ernest and Young.

During the year under review, four Audit Committee meetings were held.

Name	No. of Audit committee meetings attended
KD Pather	**4**
L Prince	**0**
S Nel	**3**

Audit Committee Responsibilities

The Audit Committee reports that it has complied, as far as possible, with its responsibilities set out in the approved terms of reference.

Review of the Annual Financial Statements

The Audit Committee has noted the unqualified opinion expressed by the Auditor-General on the annual financial statements of the Agency.

Efficiency and effectiveness of the internal controls

The matters reported in the report of the Internal Auditor and the Auditor-General as well as matters brought to the attention of the Accounting Officer, by way of informal queries and management letters, indicate that whilst there is always room for improvement, the internal controls generally functioned adequately during the year under review.

Relevant legislation

The committee's terms of reference included responsibility for monitoring:

- The Company's Act
- The Municipal Finance Management Act
- The Local Government Municipal Systems Act

The committee concentrated primarily on the financial legislation and took cognizance of the recommendations of the King II Report on Corporate Governance.

Performance measurement
A performance management system has been implemented for all staff members of the Agency. The performance management system is a work in progress and the management will be working closely with the external auditors and external consultants in refining and improving the implementation and operation of the performance management system.

Conclusion
The Audit Committee accepts the unqualified opinion of the Auditor-General on the annual financial statements for the Agency for the year ended 30 June 2010 and recommends that the audited annual financial statements be adopted by the Board.

KD PATHER - CA(SA)
CHAIRMAN

2. THE PERFORMANCE HIGHLIGHTS IN 2009/10

During the financial period under review, the MBDA achieved the following performance highlights:

- The completion of Phase 1 of the Donkin Reserve upgrade. This upgrade was accelerated to get certain elements ready for the 2010 World Cup tournament. It included the complete restoration of the Donkin pyramid and the tourist information office, as well as the erection of the 45 metre flagmast and the great flag;
- Commencing with the reconstruction of Jetty/Strand Street, which was commenced with as part of the bigger plan to connect Govan Mbeki Avenue with the pedestrians in Strand Street;
- The upgrade of the Athenaeum Club, a historic heritage building handed over to the MBDA by the NMBM for project management purposes;
- Finalising the local Spatial Development Framework (LSDF) for Happy Valley, which includes Telkom Park, which may become a further project for the MBDA to develop, as the completion of the Nelson Mandela Bay Stadium has opened up the possibility of the demolition of Telkom Park and using the land for further urban renewal purposes;
- The initiation, negotiation and signing of the Stadium Operator contract. The MBDA completed this work towards September 2009;
- The commencement of the upgrade of Uitenhage Market Square which is the first urban renewal project in terms of the MBDA's extended mandate.
- Working closely with the Eastern Cape Gambling and Betting Board in the finalisation of the casino operator licensing conditions to enable Sun International to commence with the R1,2 billion upgrade of the present Boardwalk Complex which will include an International Conference Centre. Sun International, through its local subsidiary, Emfuleni Resorts, won the next 15-year casino operator license and will embark with the construction in 2011;
- The commencement of the Special Rating Area (**SRA**) concept to enable property owners in a designated precinct such as Central Hill to contribute an additional levy, to be paid over to a newly established section 21 company, to pay for the required services such as cleansing, security and maintenance;
- Commencing with the identification of a property for social housing/rental housing. This mandate was given to the MBDA by the NMBM Housing and Land directorate and it is foreseen that the MBDA will proceed in the next financial year with a pilot project in terms of housing for social and rental purposes. The old Mermaid building,

which will be demolished, and adjacent erven will be used for these purposes;

- The commencement of the Local Spatial Development Framework (LSDF) for the MBDA's original Mandate Area. This will mean a legal conversion of the MBDA's interventionist plan, called the Spatial Strategic Implementation Framework, into a legal document to be implemented by the MBDA over the next 5-years;
- The appointment of consultants to commence with a plan to build public awareness around the negative impact around the oil tank farm and manganese ore facility and formulating a compelling economic argument to convince Transnet and the Departments of Public Enterprises, Economic Development and the National Planning Commission to open up the land after relocation for non port activities, such as residential, retail, office and tourism/leisure/entertainment;
- The completion of an Economic Barometer taking different criteria into account and test the economic and social impact of the MBDA's infrastructure and service project. This project was completed in the 2009/10 financial year and gives a complete outline of the positive impact of the MBDA's work, not only in terms of the economic impact through the contribution to GDP, employment and tax levels, but also in confidence created amongst private property owners and the response of private property owners to the work of the MBDA.

3. FINANCIAL PERFORMANCE

3.1 Operational Budget

The MBDA follows the split budget process, culminating in two main components, namely an operational budget and capital budget. The total operating expenses for the 2009/10 financial year amounted to R16,4 million versus the budgeted operational cost of R23,7 million. The main reason for this variance related to SSIF studies which were not commissioned.

The operational budget consists of contributions from the NMBM as well as from the IDC and the Regional Industrial Development Fund accessed through the IDC from the Department of Trade and Industry.

3.2 Operational Capital Expenditure Budget

The MBDA also has an operational capital expenditure budget. The total operating capital budget for 2009/10 financial year was R270,000 against which R246,000 was expended, being mainly on computer software and equipment.

4. CAPITAL PROJECTS

The core activity of the MBDA is the project initiation, implementation and management of key municipal capital projects which has been selected as a catalytic impact to urban renewal and transformation. These capital projects were the outcome of the extended research the MBDA completed in 2005/06 in the areas of retail, office, residential and tourism/leisure/entertainment. These projects were selected to have a strong catalytic impact to result and culminate into an economic multiplier. This economic multiplier was reflected in the work done through the economic barometer which indicates the impact of the capital projects on GDP, employment and taxes.

The capital projects selected were funded through different forms of capital contributions and the overall philosophy was that well selected, catalytic infrastructure projects funded with public money will always be followed by the private sector over period and time, resulting in a strong economic multiplier effect.

Indicated in the table below are the capital projects undertaken during the 2009/10 financial year:

	PROJECT	Budgeted Capital Spend	Actual Spend at 30 June 2010	Planned Completion Date
1	Govan Mbeki Avenue Upgrade - Phase 2	45,567,305	44,179,932	Completed
2	Donkin Reserve Upgrade Project - Phase 1	25,893,591	20,780,606	October 2010
3	Strand Street Upgrade Project Phase 1 (SP 3)	33,108,266	18,062,988	October 2010
4	Uitenhage Market Square Urban Renewal Project - Phase 1	15,000,000	7,542,111	October 2010
5	Furnicular Chapel Lane Project	10,000,000	753,724	June 2011
6	Whites Road Cliff Face Project	2,500,000	210,110	April 2011
7	Southern Port Land Evaluation & Feasibility Study	400,000	227,768	Completed
8	Uitenhage/Despatch Strategic Spatial Implementation Framework Study	730,000	687,275	October 2010
9	Happy Valley Local Spatial Development Framework	525,000	472,500	September 2010
10	Economic Impact Assessment Barometer Phase 1	428,500	424,593	Completed
11	Mandate Area LSDF/Kings Beach Node	925,000	410,000	January 2011
12	Donkin Craft Market Study	500,000	498,048	Completed
13	PE Port Environmental study - Phase 1	700,000	526,316	February 2011

NOTE: Values indicated are from inception of the project till 30 June 2010

5. PROJECTS OF AN OPERATIONAL NATURE

5.1 Security

The successful private sector contract that the MBDA initiated and implemented through Omega Risk Solutions was taken over by the NMBM in March 2009. This contract was then contracted by the NMBM on 31 December 2009.

It is the intention of the NMBM to fill this service with the employment of security volunteers, implemented and managed by the Safety and Security Directorate. The CCTV operations room and 24-hour cameras implemented by the NMBM, according to the plan of the MBDA has been installed and is a key element in the NMBM's role out of security in the area previously covered by the MBDA through the Omega Risk Solutions contract.

No monies have been spent on the 2009/10 financial year.

5.2 Cleansing

The Port Elizabeth CBD cleansing project continuously delivers positive results. The area covered was extended and the NMBM has requested the MBDA to also implement a cleansing plan in the Uitenhage CBD. Both these projects have been running smoothly in the 2009/10 financial year and has made a significant impact on the confidence levels, as indicated in the result of the Economic Barometer.

The operational spent on cleansing in 2009/10 amounted to just over R3,0 million

5.3 Maintenance

Maintenance costs related mainly to CBD projects such as GMA and Parliament Street as well as the management of the public toilets in Titterton Lane and Peel Street which were erected as part of the MBDA's infrastructure projects. The MBDA is awaiting a response from the NMBM as to the management and upgrading of existing public toilets in the CBD which require urgent attention. A total of R 606,000 was spent on such maintenance during the financial period under review.

6. PERFORMANCE MANAGEMENT

The performance reporting is reflected under the respective strategic objective set for the 2009/10 financial year as follows:

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
KPA 1 Managing the basics	**KPE 1.1 Facilitating security**	1 relationships with law enforcement agencies and stakeholder (quality of relationships with law enforcement agencies)	*At least one relationship established and assessed as positive*	Regular stakeholder workshops were held by the Agency during the 2009/10 period
	KPE 1.2 Cleansing	2 cleanliness of MBDA target areas	*Cleansing teams operate in all target areas*	Khanya Cleansing, Inga and Milk & Honey, Majoka and Young Blood Cleaning Services service providers appointed
	KPE 1.3 Facilitating regulatory compliance	3 number of observed incidents reported to responsible authority	*All observed incidents reported to responsible authority*	Town rangers employed to ensure such compliance
	KPE 1.4 Infrastructure / Capital projects maintenance	4 NMBM / NBDA infrastructure & capital projects : number of observed defects/hazards reported to NMBM	*All observed defects/hazards reported to NMBM and/or fixed by MBDA*	Such maintenance has been carried out by the Operations dept
	KPE 1.5 Stakeholder initiatives	5 number of stakeholder owned initiatives in MBDA target areas supported by the MBDA	*At least 2 initiatives supported by the MBDA*	Uitenhage Traders association

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
KPA 2 Facilitating Infrastructure investment	**KPE 2.1 Public capital projects**	6 no of capital projects implemented by MBDA as stipulatd in Strategic Spatial Implementation Framework and new planning / spatial fraeworks (SSIF)	*Initiation of 2 capital projects identified in SSIF and new planning / spatial frameworks*	Strand Street , Donkin Reserve and Whites Road Cliff Face environmental upgrades
	KPE 2.2 Facilitation of private sector capital projects	7 number of state owned properties developed by the private sector	*Initiation of development of one state-owned property*	40 year lease has been signed to redevelop the Tramways building
	KPE 2.3 Planning / spatial frameworks	8 number of planning / spatial frameworks developed	*Initiation of one planning / spatial framework per annum*	Uitenhage / Despatch SSIF MBDA mandate area LSDF
KPA 3 Showcasing heritages	**KPE 3.1 Public art**	9 number of public art projects related to MBDA capital projects	*All new MBDA capital projects to include a public art component*	Donkin Reserve project contains 6 public art pieces
	KPE 3.2 Preserving cultural aspects	10 Cultural programmes initiated	*At least one cultural programme initiated per annum*	Donkin Craft program
	KPE 3.3 Built environment heritage	11 MBDA participation in effective management of built environment heritage in MBDA target areas	*MBDA participates in relevant processes/forums*	Participation on NMBM heritage assets task team

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
KPA 4 Changing perceptions	**KPE 4.1 Place branding**	12 awareness of MBDA target areas	*Increased awareness of MBDA target areas*	Donkin cottage Athenaeum Council
		13 participation in MBDA activities and events	*increased number of stakeholders participating in events and activities*	Various public forums, talks and panel doscussions
	KPE 4.2 MBDA brand custodianship	14 awareness of MBDA brand through its projects and activities	*Increased awareness of MBDA projects and activities*	Various MBDA media and press coverage and brand portfolio established
KPA 5 Supporting sustainable communities	**KPE 5.1 Organisational environmental sustainability**	15 MBDA responsiveness to environmental sustainability issues	*Sustainability awareness raising amongst MBDA staff and stakeholders*	Not implemented
		16 material recycled by MBDA	*Material recycling process identified and policy implemented*	Not implemented
	KPE 5.2 Target area environmental sustainability	17 waste recycling in MBDA target areas	*Waste recycling plan for target areas developed*	This plan was not developed
		18 material recycled by MBDA cleansing service providers	*recycling awareness raising amongst MBDA service providers staff and / or facilities and processes for recycling in place*	In house initiative of paper recycling was implemented with Khanya & container project
	KPE 5.3 Preferential procurement	19 % of previously disadvantaged service providers registered on supplier database	*increase in previously disadvantaged service providers registered on supplier database*	Quadrem Tradeworld, accredited supplier database of the NMBM is also used by the MBDA

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
		20 % of tenders both in terms of number and value awarded to previously disadvantaged individuals	*Increased % (number and value) of tenders awarded to previously disadvantaged*	As per Supply Chain management policy
		21 % of tenders both in terms of number and value awarded to locally based service providers	*increased % (number and value) of tenders awarded to locally based service providers*	As per Supply Chain management policy
		22 training and mentoring of emerging contractors in the building and construction industry on MBDA capital projects	*training and mentoring policy of emerging contractors implemented in all relevant and new MBDA capital projects*	This policy was not drawn up.
KPA 6 Engaging with Stakeholders and partners	**KPE 6.1 Community outreach**	23 number of people, community and organisations engaging in outreach interactions	*All new outreach projects evaluated*	Various social outreach meetings were held in the townships with a service provider appointed to co-ordinate such meetings
	KPE 6.2 Partnerships	24 Number of partnerships established and positive outcomes of such initiatives	*At least one new formal partnership established*	NMMU; Red Location; UDDI Steering committee; EPSAC; Athenaeum Council
	KPE 6.3 Project-related public participation	25 Number of public participation processes for MBDA	*Formal public participation process included in all NEW*	Donkin Reserve project Inner City conceptual

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
		capital projects	*MBDA capital projects*	framework
		26 % of attendees / stakeholders surveyed who indicate satisfaction with MBDA project-related public participation processes	*tracking system established*	This system was not established
KPA 7 Gathering insights	**KPE 7.1 Programme/ Project management**	27 Percentage of projects that are executed in the planned time-frame and budget (costs)	*All projects executed within planned time-frame and budget (costs)*	Refer to attached project schedule status report
		28 Comprehensive system of MBDA project monitoring and evaluation	*Project/programme reporting template and process established*	As per MBDA Operations meeting formats but which require further development
		29 Successful implementation of project appraisal system	*Project appraisal process established*	Refer to attached project schedule status report but which requires further development

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
KPA 8 Developing our organisation	**KPE 8.1 HR Management**	30 % of staff who consider the organisational communication to be effective	*Increase the % staff that indicate that organisational communication is effective*	This was not measured
		31 Percentage of staff who consider organsiational planning processes to be inclusive, participatory and empowering	*Increase the % staff that indicate organisational planning processes are inclusive, participatory and empowering*	This was not measured
		32 Percentage of staff who are satisfied with the level of training accessed through the MBDA	*Training plan established for each staff member*	As per Workplace Skills Plan and performance appraisal system and policy
		33 % of individual performance indicators annually achieved	*Individual performance indicators established*	Was not establised
	KPE 8.2 Institutional transformation	34 The number of people from employment equity target groups employed	*Increase in PDIs employedby the Agency*	As per staff placenments for the period
	KPE 8.3 Supplementary funding	35 Percentage of funding from sources other than NMBM	*Increase the % funding from sources other than NMBM*	IDC and National Lotteries Board funding grants were received
	KPE 8.4 Budgeting & expense control	36 Annual budget allocation from NMBM	*Approval for requested budget allocationfrom NMBM*	This was approved and allocated in June / July 2009
		37 Management of approved budget	*Achievement of budget target*	Refer to monthly financial reports

KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	*2009/10 target*	*Status as at 30 June 2010*
	KPE 8.5 Reporting	38 Standard of reporting	*All required reports submitted according to prescribed National Treasury requirements and generally accepted accounting practices and standards resulting in an unqualified audit*	This was achieved and to form part of the auditor general report for the 2009/10 period
	KPE 8.6 Risk Management	39 No of identified high priority risks identified and mitigated	*All identified high priority risks managed and mitigated*	As per MBDA Risk Register
	KPE 8.7 Supply chain management	40 Adherence to SCM policy and regulations	*Full compliance with SCM policy and regulations*	Achieved as per internal audit performed
	KPE 8.8 Corporate / ICT support services	41 Quality of services in relation to applicable legislation, good corporate governance and effective support	*Services are compliant with applicable legislation, 'best fit' support and good corporate governance*	Achieved as per internal audit performed - new pastel evolution system to be implemented in 2010/11 period

7. CORPORATE GOVERNANCE

7.1 Corporate Governance Statement

The Board of Directors of the MBDA is satisfied that the MBDA has complied with all relevant legislation affecting the company, as reflected in the Auditor-General's report. The MBDA is committed to the following corporate governance principles and they form the core value that guides the MBDA in its business:

- To be an agent of social and economic growth;
- Be inclusive and understanding the needs of our stakeholders;
- Achieve value for money to our shareholders;
- Maintain integrity and respect at all times;
- Be accountable about the way we take decisions and the way we use our resources;
- Work as a team;
- Seek excellence in the way we operate;
- Be open to innovation and to contestability of ideas;
- Embed sustainability in everything we do;

From a corporate governance point of view the MBDA also adheres and strives to the following:

- Carry on business through fair commercial and competitive practices
- Removing discrimination and enabling employees to realise their potential through training and development of their skills
- Being responsible towards environmental and social issues
- Play the role a change agent in urban renewal and transformation as well as economic transformation

7.2 BOARD OF DIRECTORS

The Board draws a clear distinction between operational matters on the one hand, which is the responsibility of the Chief Executive Officer and his staff, and providing strategic and political guidance to the CEO which is the responsibility of the Board.

The MBDA operated under a period of review with nine non-executive Board members, who have a range of different skills and experience that they use to the benefit of the MBDA. The Board is presided by a non-executive Chairperson and Directors take responsibility for ensure that the Board promotes proper deliberation of all strategic matters

requiring their attention. The Board meets on a quarterly basis and retains full and effective control over the MBDA.

Matters of Corporate Governance are continuously scrutinised during meetings to ensure that accountability is taking place within an environment of performance.

The Board has also established the Audit and Human Resources/Remuneration Sub-Committees.

8. HUMAN RESOURCES

The MBDA's present staff component as per race and gender is reflected as follows:

RACE

LEVEL	BLACK	WHITE	COLOURED	INDIAN
Management	**1**	**2**	**-**	1
Professional	**1**	**1**	**-**	1
Administration	4	2	4	-

GENDER

LEVEL	MALE	FEMALE
Management	**3**	1
Professional	**2**	1
Administration	4	6

STAFF ORGANOGRAM

